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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD**

HEARINGS

BEFORE THE

SELECT COMMITTEE

**ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD**

EIGHTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO SENATE RESOLUTION 44, 86TH CONGRESS

JUNE 25, 26, 29, AND 30, 1959

PART 54

**Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field**



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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JUNE 25, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room of the Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator John F. Kennedy, Democrat, Massachusetts; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; P. Kenneth O'Donnell, assistant counsel; Pierre E. G. Salinger, investigator; John J. Mayer, investigator; Charles E. Wolfe, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan, Kennedy, and Goldwater.)

The CHAIRMAN. The Chair will make a brief statement.

In 2½ years of investigation, the Senate select committee has heard testimony involving a number of labor unions and business firms. This testimony has often been sensationally shocking and disgraceful. As a result of the hearings and the disclosures made, the committee has submitted recommendations to the Congress for the enactment of just and effective legislation to correct and remedy the conditions the committee has found to exist.

As I have heretofore stated, we are undertaking to bring the labors of this committee to an end. We are hopeful that its work can be concluded within the time provided for its expiration, January 31, 1960. We are now moving in that direction. In this immediate series of hearings we will inquire into the continuation of certain improper practices heretofore exposed and condemned by the committee. We shall also hear testimony with reference to incidents that have occurred and actions that have taken place which have not been heretofore exposed.

The committee feels it is imperative that the Congress enact adequate remedial legislation at this session. It should not fail to implement and bring to fruition the arduous labors of this committee. It should meet its responsibility and enact laws required to deal with the corruption, exploitation, and other evil practices which the committee has exposed.

No other union investigated has presented the committee with a more critical problem than the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America. It is the largest in membership and also the most powerful by reason of the character of the industry—commerce and transportation—in which its members are employed.

Because of the tremendous amount of material involving him personally, General President James R. Hoffa has already appeared before the committee on 12 different days, but it will be necessary to hear him again. In the past, his testimony has been most helpful. Even testimony which is evasive in character, of the half-truth variety, or of the "forgetfulness" nature, for these reasons alone can be revealing. For often what is not said or what is reluctantly admitted can supply a vivid picture.

In the hearing beginning today, we shall inquire into the effect that the type of leadership in this international union now being provided by Mr. Hoffa and a number of disreputable and questionable characters who are his associates is having on the membership of that union.

A number of points are of interest to the Congress as proposed labor reform legislation reaches the crucial period of its consideration. We need to inquire whether any genuine effort—in fact, any effort at all—has been made by Mr. Hoffa and other top officials of the Teamsters Union to purge from its official ranks and positions of power those who have clearly been shown to have betrayed the union's membership. As everyone knows, the record is already replete with conclusive evidence of such betrayal.

We have heard the ugly story of the Teamster locals in New York City that secured their charters through the intercession of Mr. Hoffa, and the contracts they have entered into for substandard wages, hours, and conditions of employment, affecting thousands of Negro and Puerto Rican workers in that metropolitan area. We have exposed the disgraceful bargaining contracts negotiated by Mr. Hoffa's Detroit aid, William E. Bufalino, in the car-wash industry in that city. We have revealed how Mr. Hoffa was established in several trucking companies in his wife's maiden name, how funds were misused in a Florida land venture, and how Hoffa participated, with Teamsters International Vice President Harold Gibbons, in the signing of substandard top-down contracts with the Englander Mattress Co. These are by no means isolated instances.

The committee will now be further concerned with testimony showing that the disregard for the interest and welfare of union members is still a prevalent practice in some areas and localities within the Teamsters Union. The exposures and disclosures heretofore made have clearly demonstrated that wherever corruption and racketeering flourish, the interest and welfare of rank and file union members suffer.

We are not here labeling persons as racketeers who may have been arrested for picket-line activity. We are now talking about thieves, robbers, burglars, arsonists, white slavers, extortionists, dope peddlers, and even murderers who have achieved positions of importance in the official family of the Teamsters Union. These men feel no moral obligation toward union members. They frequently exercise their

authority and administer their official responsibilities for their own enrichment and the preservation or enlargement of the arbitrary authority and powers which they arrogate unto themselves as union officials.

We shall inquire further into whether certain favored employers, with whom Mr. Hoffa has special business or social ties, reap a profit by reason of those relationships, and whether special deals or side arrangements are made which circumscribe the Teamsters' written contract.

In conclusion, I may say that many of the points the committee will deal with within the next 2 weeks are not historical in nature but rather deal with situations which are current and are recurring almost daily. It is expected that the testimony adduced in this series of hearings will again reaffirm the committee's previous finding that effective and remedial legislation is imperatively needed to correct conditions, and that such legislation should be enacted at this session of the Congress.

Senator Goldwater, do you have any statement?

Senator GOLDWATER. I have no statement.

Senator KENNEDY. I have no statement.

The CHAIRMAN. Mr. Kennedy, call the first witness.

Mr. KENNEDY. Mr. William Poch.

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. POCH. I do.

TESTIMONY OF WILLIAM J. POCH, ACCOMPANIED BY COUNSEL, J. WRAY CONNOLLY

The CHAIRMAN. State your name, place of residence, and your business or occupation, please.

Mr. POCH. William J. Poch. I am the business manager of the Pittsburgh Sun Telegraph.

The CHAIRMAN. Do you live in Pittsburgh?

Mr. POCH. Mount Lebanon, a suburb of Pittsburgh.

The CHAIRMAN. Mr. Poch, do you have counsel with you?

Mr. POCH. Yes.

The CHAIRMAN. Counsel, will you identify yourself for the record, please?

Mr. CONNOLLY. I am J. Wray Connolly, of Pittsburgh.

The CHAIRMAN. Thank you very much.

All right, Mr. Kennedy.

Mr. KENNEDY. You spell your name P-o-c-h; is that right?

Mr. POCH. Yes, sir.

Mr. KENNEDY. You have been business manager of the Pittsburgh Sun-Telegraph for how long?

Mr. POCH. Since early February of 1951.

Mr. KENNEDY. What position did you hold prior to that time?

Mr. POCH. I was chief accountant of the New York Journal-American.

Mr. KENNEDY. At the time that you came as business manager for the Sun-Telegraph, was a Mr. Theodore Cozza working for the newspaper?

Mr. POCH. Yes; but I came to the Sun-Telegraph as business manager.

Mr. KENNEDY. At the time you came as business manager for the Sun-Telegraph, was he an employee of the Sun-Telegraph?

Mr. POCH. Yes.

Mr. KENNEDY. And what was his position at that time?

Mr. POCH. A substitute truck driver.

Mr. KENNEDY. Did he also have a position with the union?

Mr. POCH. Yes; he did.

Mr. KENNEDY. What was his position with the union?

Mr. POCH. President of the local.

Mr. KENNEDY. Of the Teamsters?

Mr. POCH. Yes.

Mr. KENNEDY. And that is local No. 211?

Mr. POCH. Yes, sir.

Mr. KENNEDY. What is the jurisdiction of local 211?

Mr. POCH. That is the Newspaper, Newsprint, and Film Deliverers Union of Allegheny County.

Mr. KENNEDY. Does he represent the employees, the drivers, for the Sun-Telegraph?

Mr. POCH. Yes, sir.

Mr. KENNEDY. Does he also represent the drivers in negotiations of the other newspapers in Pittsburgh?

Mr. POCH. Yes; that is under a joint contract.

Mr. KENNEDY. He has remained on the payroll until recently; is that correct?

Mr. POCH. Yes.

Mr. KENNEDY. Did he do any work as a truckdriver or as assistant or substitute truckdriver while he was on the payroll of the Sun-Telegraph?

Mr. POCH. Very little, to my knowledge.

Mr. KENNEDY. He also was supplied an office, was he?

Mr. POCH. Yes.

Mr. KENNEDY. And he was paid a salary by the Sun-Telegraph; is that right?

Mr. POCH. Well, he was paid wages pursuant to the terms of the contract, and there was a practice that was in existence when I came down there in 1951.

Mr. KENNEDY. I understand you didn't institute it, but he was paid the salary that was equivalent to a truckdriver plus the greatest overtime that was paid to any of the employees; is that right?

Mr. POCH. Yes; the equivalent overtime, I would say.

Mr. KENNEDY. What was the reason that the Sun-Telegraph paid him these moneys, if he did no work for them?

Mr. POCH. Well, to my honest belief, I believe it was for fear of disturbing the labor relations of the company.

The CHAIRMAN. What?

Mr. POCH. For fear of disturbing the labor relations of the company.

The CHAIRMAN. In other words, you were apprehensive, is that what you are trying to say now, that you were apprehensive that if you didn't give him that handout, and that is what it is, that he would cause you labor trouble?

Mr. POCH. Well, Mr. Senator, when I came to Pittsburgh, it was just after a 7-week strike of the newspapers, which had been concluded.

The CHAIRMAN. It had been pretty well impressed upon you that you could have labor trouble, then.

Mr. POCH. Yes, sir.

The CHAIRMAN. It was right fresh in your mind; is that right?

Mr. POCH. I would say yes.

The CHAIRMAN. And this was a part of the arrangements made to settle that strike?

Mr. POCH. I couldn't answer that, sir, and I was not there.

The CHAIRMAN. In other words, you found it soon after the strike was settled.

Mr. POCH. I found the condition existing when I came there.

The CHAIRMAN. That was soon after the strike?

Mr. POCH. About 2 or 2½ months after.

The CHAIRMAN. That would be relative time as we speak of time, that would be relatively soon after, would it not?

Mr. POCH. Yes; relatively so.

The CHAIRMAN. And when you got there, within that relative time soon after, you found that arrangement in existence?

Mr. POCH. I couldn't say that I found it completely, but I ran into it in short order, I would say.

The CHAIRMAN. Well, it wasn't the first thing that you found when you got there, but it wasn't long after that you began to find things, and this was included among them; is that right?

Mr. POCH. Yes, sir.

The CHAIRMAN. Let us get this point clear. You said that he was being paid so much, and you didn't state the approximate amount, what that amounted to in dollars and cents.

Mr. POCH. Well, it was the wages prescribed pursuant to the labor contract, the terms of the labor contract.

The CHAIRMAN. I don't know whether it is 50 cents an hour.

Mr. KENNEDY. I will put that in, I can put it in now, if you would like.

The CHAIRMAN. Let us get it so that we know what we are talking about as we proceed.

Mr. KENNEDY. Mr. Salinger, please.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SALINGER. I do.

TESTIMONY OF PIERRE E. G. SALINGER

The CHAIRMAN. Your name is Pierre Salinger, and you are a member of the staff of this committee, and have been for the past 2 years or longer?

Mr. SALINGER. That is right, sir.

The CHAIRMAN. In the course of your duties, have you made some investigation into the situation about which this witness is now testifying regarding an arrangement with a Mr. Cozza, president of local 211 of the Teamsters, to pay him so much for compensation each month, or each week?

Mr. SALINGER. That is right, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Do you have those figures?

First, Mr. Salinger, would you give the committee how it was determined as to the amount of money that was to be paid to Mr. Cozza?

Mr. SALINGER. Mr. Cozza was paid each week for a 56-hour week. In addition to that—

Mr. KENNEDY. Is that the regular contract in Pittsburgh, as far as the drivers are concerned?

Mr. SALINGER. In Pittsburgh, the drivers of the newspaper work a 56-hour straight-time week, and seven shifts of 8 hours a day.

Mr. KENNEDY. And he negotiates these contracts; is that right?

Mr. SALINGER. Mr. Cozza negotiates the contracts; that is right.

Mr. KENNEDY. How was it determined how much he was to be paid?

Mr. SALINGER. He was paid on the basis of a full week, plus the overtime paid to the driver who received the most overtime during that week. In other words, the equivalent high overtime.

We have an example here, for instance, in the year 1957, Mr. Cozza was paid for 364 regular shifts, 14 extra shifts, 28 vacation shifts, and 3 holiday shifts. In other words, he was paid for a shift at least every day, and sometimes two shifts.

Mr. KENNEDY. That was more than anybody else received as a truckdriver, or subtruckdriver for the newspapers?

Mr. SALINGER. That is the most shifts worked by anybody that year.

The CHAIRMAN. How much did it result in?

Mr. SALINGER. Three hundred and sixty-four regular shifts, 14 extra shifts, 29 vacation shifts, and 3 holiday shifts.

Senator GOLDWATER. How much in money?

Mr. SALINGER. The total paid to Mr. Cozza in the year 1957 amounted to \$8,858.63.

Now, that is his pay, and he had another situation which added money to that.

Senator GOLDWATER. What is the hourly rate on the contract?

Mr. SALINGER. I would have to check that, and I am not exactly sure of it.

Mr. KENNEDY. Perhaps you could tell us.

Mr. POCH. What period was that?

The CHAIRMAN. 1957.

Mr. POCH. I would say in the neighborhood of \$2.50 an hour, give or take, something like that.

Senator GOLDWATER. What was the average pay of the other truck-drivers?

Mr. SALINGER. Well, the pay of the regular drivers ran anywhere from \$7,000 up to \$8,500, in that neighborhood. Mr. Cozza happened to be the highest that year.

Mr. KENNEDY. Under the way they were determining it, it couldn't be anything but the highest, because each week he got the equivalent of whoever received the highest pay.

Mr. SALINGER. That is correct.

Mr. KENNEDY. Then he also rented his truck to the newspaper; is that right?

Mr. SALINGER. That is correct. From 1953 on, the Sun Telegraph instituted a system of each driver for the paper would own their own

truck, and they rented the trucks to the paper, and Mr. Cozza rented his truck although he did not drive it and it was driven by a substitute truckdriver.

Mr. KENNEDY. How much did he receive for that?

Mr. SALINGER. The total salary received by Mr. Cozza in the period January 1, 1950, to May 15, 1959, was \$75,925.05. In addition to that he received in truck rentals \$24,279.27, a total figure of a little over \$100,000.

Senator GOLDWATER. What was the period?

Mr. SALINGER. January 1, 1950, to May 15, 1959 for the salary, and for the truck it runs from approximately the middle of 1953 to 1959.

**TESTIMONY OF WILLIAM J. POCH, ACCOMPANIED BY COUNSEL,
J. WRAY CONNOLLY—Resumed**

Mr. KENNEDY. He also received office space; is that correct?

Mr. POCH. Yes.

The CHAIRMAN. Do I understand that this \$75,925 was paid for actually no service rendered other than for labor peace?

Mr. POCH. Senator McClellan, I would say that is not entirely correct.

The CHAIRMAN. Get it exactly correct for us, if you can.

Mr. POCH. Mr. Cozza did a little work for us, but to what extent I cannot answer that, and to what degree or terms of minutes or hours or days, I cannot give you the answer. I don't know.

The CHAIRMAN. Did he earn by actual labor 10 percent of this amount?

Mr. POCH. I couldn't answer that, sir.

The CHAIRMAN. Did he earn 5 percent?

Mr. POCH. Senator McClellan, I wouldn't know, because I am not close to that operation.

The CHAIRMAN. Well, as a business manager of an institution like that, it seems to me that you would have some responsibility and some interest and curiosity in finding out whether a man was earning the salary on the basis of the contract relationship and conditions.

Just to make it plain, if I am in error now, say so, but the truth about it is that this was being paid for labor peace primarily, and not for any labor services actually rendered; is that correct?

Mr. POCH. I don't say that the payments were not made as such, to my knowledge.

The CHAIRMAN. What is that?

Mr. POCH. Were not made as such, according to my knowledge.

The CHAIRMAN. Not made for services?

Mr. POCH. For labor peace, not to my knowledge.

The CHAIRMAN. It was not made for it. What was it paid for? He did very little work, you said, to your knowledge.

Mr. POCH. That is right.

The CHAIRMAN. What is the difference now? What was it paid for beyond the little work? Now, what involved all of the major expenditures, and what was it paid for?

Mr. POCH. Well, Senator, as I said before, that practice was in existence when I came there, and how much earlier it started I don't recall. It is something that I ran into later on, and to what degree or

to what extent there Mr. Cozza performed services I am in no position to answer that, because I don't know. But my best opinion, it was very little services.

The CHAIRMAN. You have said that—very little services, for which wages should be paid under the terms of the contract; is that correct?

In other words, if you are going to actually pay him on the wage rate for the amount of actual labor performed, it would be very little.

Mr. POCH. It would be substantially less than what was paid.

The CHAIRMAN. Now then, what made up the difference of the substantial amount? What was that substantial difference paid for?

Mr. POCH. I would say it was continued for fear of disturbing our labor relations and labor peace.

The CHAIRMAN. That is for labor peace, isn't it?

Mr. POCH. Yes, sir.

The CHAIRMAN. What other term could you use to better describe it than "labor peace"? Can you think of a better term?

Mr. POCH. I know of none offhand, Senator.

The CHAIRMAN. I can't either. I don't see any reason why not to be frank about it. You didn't want another strike, and you wanted to get along with them, and this was an exaction made as president of that union, and he said, "Well, I want so and so," and you didn't just go out and gratuitously hand this to him, did you?

Mr. POCH. No, sir.

The CHAIRMAN. So he said he wanted it, and that was a demand that was a part of the conditions by which you could have labor peace; is that not correct?

Mr. POCH. Yes, but it was not a demand made upon me as such.

The CHAIRMAN. Not upon you. I understand you occupy a position as business manager.

Mr. POCH. Yes, I do.

The CHAIRMAN. As business manager, these things are bound to come to your attention, so you know what money is paid out for, and why it is paid out. Doesn't that come within the category of a business manager?

Mr. POCH. Yes, it does.

The CHAIRMAN. Within your responsibility?

Mr. POCH. Yes.

The CHAIRMAN. And you are testifying on the basis of your observation and what you have learned in that capacity?

Mr. POCH. Yes; that is correct.

The CHAIRMAN. All right, proceed.

TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. KENNEDY. Now, Mr. Salinger, he had that office, and he operated out of the office?

Mr. SALINGER. He had an office, and he had a telephone.

Mr. KENNEDY. There were complaints during this period of time, according to the records of the paper, that he was using the office to operate a numbers racket?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And he had an extensive number of telephone calls out of the office?

Mr. SALINGER. Yes, sir.

Mr. KENNEDY. And the company paid for those telephone calls?

Mr. SALINGER. The calls amounted to a total of \$1,022.56 in a period from July of 1955 to May of 1959.

Mr. KENNEDY. That was just for local telephone calls?

Mr. SALINGER. That was local telephone calls.

Mr. KENNEDY. He paid his own long distance calls?

Mr. SALINGER. Yes, sir; and some of these months he would run 700 or 800 calls on his telephone.

Mr. KENNEDY. Mr. Cozza has an extensive criminal record, does he not?

Mr. SALINGER. He does.

Mr. KENNEDY. Summarize that, would you?

Mr. SALINGER. Mr. Cozza was convicted of carrying firearms in 1935. He was convicted of entering a building to steal in 1935. He was convicted of obstructing justice in 1936; on entering a building he received a 6- to 18-month sentence.

In 1936, on the obstruction-of-justice charge he received a 1-year sentence. In 1941, he was convicted of operating a lottery number and received a \$50 fine. He has eight arrests and four convictions.

Mr. KENNEDY. Is it correct that on Saturday nights at the newspaper you bring in some extra trucks and extra drivers?

Mr. POCH. Yes; that is correct.

Mr. KENNEDY. Where do you get the trucks from?

Mr. POCH. From the Auto Rental Co.

Mr. KENNEDY. The drivers that drive these trucks are nonunion for the most part, are they not?

Mr. POCH. Yes; I would say so.

Mr. KENNEDY. Did you know if Mr. Cozza, himself, had a financial interest in the Auto Rental Co., in the trucks that they were renting to your company?

Mr. POCH. No, I did not.

Mr. KENNEDY. Mr. Salinger, have we found that he had a financial interest in that operation?

Mr. SALINGER. We have, sir. I have an affidavit from Mr. H. A. Baring, who is manager of the Auto Rental Co., 500 West General Robinson Street, Pittsburgh, Pa.

I will read the pertinent sections of it.

The CHAIRMAN. The affidavit may be made exhibit No. 1. You may read from it excerpts.

(Affidavit referred to was marked "Exhibit No. 1" for reference and may be found in the files of the select committee.)

Mr. SALINGER (reading):

Our company rents 40 trucks to the Pittsburgh Sun-Telegraph for the delivery of Sunday's editions. The drivers of the these trucks are members of Teamsters Local 211, and are employees of the Pittsburgh Sun-Telegraph.

Within a few months after entering into the agreement with the Pittsburgh Sun-Telegraph, it became apparent that we needed someone to control the drivers in order to prevent damage to and abuse of our equipment. The trucks were frequently overloaded and we received bills for extra gasoline which we did not believe were justified.

Consequently, we agreed to pay Theodore Cozza about 5 percent of our gross revenue for supervising the drivers and controlling the loads. Cozza was available for this supervisory duty because he was steward of the Pittsburgh Sun-Telegraph platform at the time. We paid him \$35 per week from 1948 until January 1952, when we increased his pay to \$40 a week, which salary he is receiving at the present time.

Then he lists the amounts paid to Mr. Cozza in the years 1948-58, which total \$21,670.

Mr. KENNEDY. Is this the company that leases the trucks also on Saturday nights?

Mr. SALINGER. This is the company that leases the trucks on Saturday night.

Mr. KENNEDY. And the extra drivers that came on Saturday nights were nonunion?

Mr. SALINGER. That is right; despite what he says in his affidavit.

Mr. KENNEDY. He is talking about the regular drivers that drove the trucks every day and were used Saturday nights.

Mr. SALINGER. He is. The extra drivers drove the trucks rented from this company.

Mr. KENNEDY. And they came Saturday night and were nonunion?

Mr. SALINGER. That is correct.

TESTIMONY OF WILLIAM J. POCH, ACCOMPANIED BY COUNSEL,
J. WRAY CONNOLLY—Resumed

Mr. KENNEDY. Did you raise a question at one time when you first arrived there about Mr. Cozza at the time that Mr. Cozza went to the hospital?

(At this point Senator Goldwater withdrew from the hearing room.)

Mr. POCH. Yes; I did.

Mr. KENNEDY. Would you relate to the committee what question you raised about it?

Mr. POCH. At the time he was in the hospital, he was being paid some overtime and I questioned the propriety of the payment at the time. It was taken off, but subsequently reinstated.

Mr. KENNEDY. Why was it reinstated?

Mr. POCH. Upon demand.

Mr. KENNEDY. By Mr. Cozza?

Mr. POCH. Yes.

Mr. KENNEDY. This is really a payment based on fear, is it not?

Mr. POCH. I didn't hear the question.

Mr. KENNEDY. These are payments based on fear, are they not?

Mr. POCH. I would say fear of disturbing our labor relations.

Mr. KENNEDY. Was there an incident that occurred some 3 months ago in connection with Mr. Cozza's work at the Sun-Telegraph?

Mr. POCH. Early in May we had a situation there. We had a representative in from our general management. We brought him in in February. I think that is the incident you are referring, Mr. Irving Lees. He was brought in some time early in February in order to help our sales along in the street and store department, to see if we couldn't improve the operation of delivery and selling additional copies, obtaining new outlets.

Mr. Lees was with us some 11 or 12 weeks. One Saturday evening he was down on the platform, the story was given to me, or a few days later I heard, that Mr. Lees—

Mr. KENNEDY. He was sort of an efficiency expert?

Mr. POCH. Well, he was quite experienced in the street and store sales operation.

Mr. KENNEDY. In a general category, he would fall in the category of an efficiency expert?

Mr. POCH. Yes; I would say so.

Mr. KENNEDY. He came in in order to review your operations?

Mr. POCH. Yes.

Mr. KENNEDY. Go ahead.

Mr. POCH. Several days after this Saturday evening it was reported to me that Mr. Lees raised some questions down on the platform, inquiring as to where certain individuals were, and he also asked throughout the building where other individuals were.

Mr. KENNEDY. Down on the platform, did he ask where Mr. Cozza was?

Mr. POCH. Yes.

Mr. KENNEDY. He raised that question?

Mr. POCH. That is right; about Mr. Cozza. And following this, when Mr. Cozza heard of it, it was further reported to me that he had ordered this man off the platform and out of town.

Mr. KENNEDY. He told Mr. Lees that he better get out of town; is that right?

Mr. POCH. That is right.

Mr. KENNEDY. Mr. Cozza did?

Mr. POCH. That is right; that is what was reported to me.

Mr. KENNEDY. I understand.

What was the next incident?

Mr. POCH. Well, there was another similar situation, very close to that, the second episode, almost in substance the same thing, following which we had a meeting.

Mr. KENNEDY. What happened in the second episode? Mr. Lees once again raised the question as to Mr. Cozza doing some work?

Mr. POCH. No; I don't think it was specifically with respect to that. He raised a question as to the department there. Knowing that he was out in left field, he would just order Lees out of the department.

Mr. KENNEDY. Who are you talking about—"he"?

Mr. POCH. Mr. Lees.

Mr. KENNEDY. Who ordered him to get out of the department?

Mr. POCH. It was reported to me as Mr. Cozza.

Mr. KENNEDY. What did he say the second time?

Mr. POCH. The second episode, he said if he didn't get out of town, he would be reduced to this size [indicating]. That is the report given to me.

Mr. KENNEDY. He would be reduced to that size?

Mr. POCH. Yes.

Mr. KENNEDY. What happened then?

Mr. POCH. Following that, we had a meeting with Mr. Cozza and we told him that there were two strikes on him and if there was any further episode, any further breaches or interference on his part with representatives of management, he was going to be discharged.

The CHAIRMAN. He was going to be discharged?

Mr. POCH. Yes.

The CHAIRMAN. Discharged from what?

Mr. POCH. From the Sun-Telegraph as an employee.

The CHAIRMAN. You would take him off the payroll?

Mr. POCH. As an employee of the Sun-Telegraph; that is right.

Mr. KENNEDY. What happened after that?

Mr. POCH. Shortly after that the third episode did happen and Mr. Cozza was discharged within a few hours after that.

The CHAIRMAN. How long ago was that? Give us the date, approximately.

Mr. POCH. I would say that was approximately toward the middle of May or maybe a day or two earlier than that.

The CHAIRMAN. He has not been on the payroll since May?

Mr. POCH. Following his discharge, Mr. Cozza went on his vacation, and upon the expiration of the vacation Mr. Cozza left the Sun-Telegraph.

Mr. KENNEDY. But there was something that occurred in between or a number of things, were there not? For instance, you brought some guards in, some Pinkerton detectives?

Mr. POCH. We brought some security officers in in order to protect Mr. Irving Lees in view of these threats.

Mr. KENNEDY. At the time you brought the Pinkerton detectives, Mr. Cozza was still in your employment?

Mr. POCH. Yes.

Mr. KENNEDY. Would you relate what happened then?

Mr. POCH. Well, we brought the security officers in in order to protect Mr. Lees because we wanted him to continue in this particular job in the operation.

I think the second day the Pinkertons were there, there was a meeting called, as was reported to me, down on the second floor, and the security officers were with Mr. Lees, and other people were down there, and within a few minutes there these Pinkerton men were disarmed and the police were called.

Mr. KENNEDY. Who disarmed them?

Mr. POCH. It was reported to me that Mr. Cozza and some of his associates.

Mr. KENNEDY. You had these Pinkerton detectives that were in there to guard Mr. Lees, and Mr. Cozza came in with some of his associates and disarmed all the Pinkerton detectives?

Mr. POCH. That is right.

Mr. KENNEDY. And then he called the police and charged these Pinkerton detectives with being armed without a license?

Mr. POCH. I don't know whether he called the police, but the police were called. Those were the charges that were filed against the Pinkertons.

Mr. KENNEDY. So then Mr. Cozza was discharged?

Mr. POCH. Yes.

Mr. KENNEDY. At this period of time, was there some discussion about the—the contract had run out; is that correct?

Mr. POCH. Our joint contract had expired April 1, 1959.

Mr. KENNEDY. Did Mr. Cozza demand that he come back on the payroll?

Mr. POCH. I don't understand the question.

Mr. KENNEDY. Did you have some visitors representing Mr. Cozza in connection with placing him back, rehiring Mr. Cozza?

Mr. POCH. Subsequent to his discharge, we had a meeting with some union officials.

Mr. KENNEDY. Who were the union officials?

Mr. POCH. Norman Kegel, of Joint Council 40; Harry Tevis, international vice president, and Joseph Prebenda was there.

Mr. KENNEDY. Joseph Prebenda was from Detroit?

Mr. POCH. Yes.

Mr. KENNEDY. You also had a meeting with Tevis, who is the international vice president in Pittsburgh; is that right?

Mr. POCH. Yes.

Mr. KENNEDY. Who was the gentlemen who was head of the joint council?

Mr. POCH. Norman Kegel.

Mr. KENNEDY. How do you spell his name?

Mr. POCH. K-e-g-e-l, I believe.

Mr. KENNEDY. What were the results from that meeting?

Mr. POCH. Well, Mr. Cozza's discharge was discussed and also his possible reinstatement.

Mr. KENNEDY. What was finally decided?

Mr. POCH. We told them that we would reinstate him on the basis that there would be no further interference on his part with any representative of management, that there be no more private office for him, no more private telephone, that there be no more vile, blasphemous, profane, or obscene speech, and there were one or two other things I don't recall offhand.

Mr. KENNEDY. Did they agree to that?

Mr. POCH. Yes.

Mr. KENNEDY. Was Mr. Cozza then rehired?

Mr. POCH. Yes.

Mr. KENNEDY. Then what happened?

Mr. POCH. Following which he went on vacation.

Mr. KENNEDY. He went on vacation?

Mr. POCH. He went on vacation.

Mr. KENNEDY. But he had a replacement, did he not, who was then placed on the payroll?

Mr. POCH. I don't quite follow the question, sir.

Mr. KENNEDY. Wasn't there a man who had been a truckdriver who was then made a steward?

Mr. POCH. Yes; that is correct.

Mr. KENNEDY. Didn't he then refuse to do any work, like Mr. Cozza had?

Mr. POCH. He refused to drive his truck when he was named steward by the union.

Mr. KENNEDY. What happened then?

Mr. POCH. We ordered him to drive his truck. We had no objection to his performing his union duties as steward, but we wanted him to perform his duties for the paper as well.

Mr. KENNEDY. You didn't want the same arrangement that you had with Mr. Cozza to continue?

Mr. POCH. No, sir.

Mr. KENNEDY. Who was the new man?

Mr. POCH. Joseph Donnelly.

Mr. KENNEDY. Then did a strike result?

Mr. POCH. Mr. Donnelly was discharged. The strike was 3 or 4 days after that episode.

Mr. KENNEDY. How long did the strike last?

Mr. POCH. Following Mr. Donnelly's discharge, we were in negotiation, and as a result of the negotiations not being successfully concluded, we had the strike on Saturday, May 23.

Mr. KENNEDY. It was at least partially the reason that you had discharged Mr. Donnelly for the reason that he wouldn't drive the truck?

Mr. POCH. I would say that was one of the issues.

Mr. KENNEDY. Not only did Mr. Cozza strike your paper, but he struck the other two papers?

Mr. POCH. Yes; the other two papers, the Pittsburgh Press and the Post-Gazette.

Mr. KENNEDY. So all the newspapers were on strike?

Mr. POCH. Yes.

Mr. KENNEDY. It was finally settled, was it not?

Mr. POCH. It was settled on Monday, May 25, in the early afternoon.

Mr. KENNEDY. What were the arrangements then made as far as Mr. Donnelly was concerned?

Mr. POCH. As far as Mr. Donnelly, did you say?

Mr. KENNEDY. Yes.

Mr. POCH. He was reinstated. That was one of the conditions. But he was reinstated as a truckdriver.

Mr. KENNEDY. So he was going to drive the truck?

Mr. POCH. That is right.

Mr. KENNEDY. What about as far as Mr. Cozza was concerned?

Mr. POCH. Mr. Cozza, he was still on vacation, and he wasn't in the picture at that time.

Mr. KENNEDY. Was it understood that he would not be brought back on the payroll, that that relationship with him was to end?

Mr. POCH. That was not communicated directly to me, but it was reported.

Mr. KENNEDY. Did you understand that that was one of the arrangements?

Mr. POCH. Yes.

Mr. KENNEDY. He was no longer to be placed on the payroll?

Mr. POCH. That is right.

Mr. KENNEDY. So, in effect, you won the strike?

Mr. POCH. Very effectively, too, sir.

Mr. KENNEDY. Do you still have the 56-hour week?

Mr. POCH. That is right.

Mr. KENNEDY. I believe that is all, Mr. Chairman.

I would like to put in some other records through Mr. Salinger.

The CHAIRMAN. Do you have any questions, Senator?

Senator KENNEDY. In your opinion, or in the opinion of your attorney, is this a violation of the Taft-Hartley Act, your payment for services which were not rendered, to a union leader in order to keep the union peace?

Mr. POCH. I couldn't answer that, sir. I doubt it very much.

Senator KENNEDY. Why would you doubt it? Under the Taft-Hartley Act, it is illegal for an employer to pay a union leader in order to influence him in the conduct of his representation of the union members.

You paid this gentleman for services which were not rendered, except perhaps 10 percent of them, or 5 percent of them, I forget the exact percentage, so it seems to me that there is—well, I would like

to hear your attorney or you say why it doesn't come under the Taft-Hartley Act for you to give it and for him to receive it.

Mr. CONNOLLY. Senator, I think this was considered to be a payment for services allegedly rendered by Mr. Cozza.

Senator KENNEDY. I understand that. But what kind of services? We have had it clearly established that he did not do the regular work of the other members of the union. The other members of the union were not given the free use of the telephone, they were not given these overtimes, and you stated that he was on the job in the sense of working as an employee only a fraction of the time. In fact, we haven't been able to get an exact description of the hours worked or the kind of work he did.

It would seem to me, therefore, that this was a payment to him because of his position as head of the union, and in my opinion that would come under the Taft-Hartley Act prohibition for both of you, and for him to receive it.

It seems to me that employers are particularly susceptible, particularly in an industry where they have a large investment and which requires a daily output, such as a newspaper, they are particularly susceptible to this kind of pressure from a dishonest union leader.

I think they ought to understand that they are committing a breach of the law when they make such payment as he is, that he is committing a breach of the law when he receives it. I don't think it is adequate to say that "They had us in a vulnerable position and if we didn't pay we were going to be struck."

If we accept that as an adequate explanation, there will be payoffs made in every case such as this whenever a union leader wants. The purpose of that law is to prohibit this kind of payoffs and prohibit union leaders from requesting them.

I would like to hear from you a more precise description of the kind of work which this gentleman did for the paper, and exactly the things you paid him for.

Mr. CONNOLLY. I think it might be well for Mr. Poch to bring out one matter that has not been brought out, and that was the maintenance of payroll records, including Mr. Cozza's. I think he is the sworn witness, so I will let him tell that.

Would you explain, Mr. Poch, how the payroll records were kept?

Mr. POCH. Well, the payroll records were kept down in the delivery department. Time was reported on the payroll, and it was prepared and submitted to the payroll accounting department. The payroll was prepared by a member of local 211.

Senator KENNEDY. What is the significance of that?

Mr. POCH. Well, the time and individual days shown on the individual payroll sheets were reported entirely from that department, from the Teamsters division, and when it came up it was accepted as being a bona fide payroll throughout.

Senator KENNEDY. We are not being informed now, are we, that you are under the impression, and when I say "you" I am talking about the people in charge there, that this payment was completely because of the work that he did for the company, unrelated to his position as union leader? Is that what you are now saying?

Mr. POCH. No.

Senator KENNEDY. That you were unaware of the fact that he wasn't doing any work?

Mr. POCH. I was aware of the situation as I explained it earlier, Senator.

Senator KENNEDY. I understand the problem that you have in this case, but I just think it ought to be made clear to employers that they are committing a breach of the law. In section 302(a) :

It shall be unlawful for any employer to pay or deliver, or agree to pay or deliver, any money or other thing of value to any representative of any of his employees who are employed in an industry affecting commerce.

That is in regard to not his normal wages, but any extraordinary payment. So I would think it is really not sufficient justification to state that you were in a vulnerable position and had no alternative, that you would have been struck. That is really taken into account in the law. The law is very plain on this subject.

I would hope that employers who find themselves in this position would make it clear to the person attempting to secure payment that they are asking them to break the law, and however much they would like to do so, they are unable to do so.

It seems to me, then, you might have an effective check on these kind of payoffs. In addition, Senator McClellan in his earlier statement talked about the legislation. The language that passed the Senate, the bill that passed the Senate, tightens this section up even more. But I don't think there is any doubt even as it is that this act is covered by section 302(a) of the Taft-Hartley.

I hope other employers realize that this is strictly prohibited, and they are not able to make these payments even if they desire to do so. It is certainly not in the public interest for them to make them.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Salinger, I think the records indicate, do they not, that Mr. Cozza traveled extensively on union business during this period?

Mr. SALINGER. They do.

Mr. KENNEDY. He was, for instance, here in Washington, D.C., negotiating some contracts?

Mr. SALINGER. He was in Washington, D.C., organizing the circulation employees of the Washington Star, in Baltimore negotiating contracts for the Baltimore newspapers. In 1957 we showed he worked shifts in excess of one shift per day for every day of the year. In that year he was in Los Angeles, Chicago, Miami, Washington. He traveled extensively that year, but did not miss a shift day as far as that is concerned.

The CHAIRMAN. Even all the time he was in these other cities in the pursuit of union activities and his duties as a union official, or as a representative of the union, he was making at least one shift a day on this newspaper?

Mr. SALINGER. That is right, sir.

The CHAIRMAN. And getting paid for it?

Mr. SALINGER. That is right, sir.

The CHAIRMAN. It presents a situation. I realize the desire of industry management to have labor peace. Sometimes these things are presented to them and they have to make a decision on it, I guess, as to whether they will enter into some arrangement like this, or if they

will oppose it. But I cannot help but feel, and I think this is a position that cannot be challenged, it is not just the duty of the Congress and this committee and others to oppose and to do what we can to eradicate from our society and from our economy these evils, but you business people have a duty and a responsibility to show some backbone and resistance.

It is going to be impossible for laws or anything else to correct these evils if we find that business people just are perfectly willing or without showing any resistance and resentment to make such deals and such arrangements. These evil practices, even though we pass laws, will not be entirely stopped.

I think you owe it to your country and to management, business interests, and to the public to show more resistance than apparently your paper has shown. I am sure if some of us in Congress showed that same kind of weakness in yielding to temptation, we would be liable to see an editorial in your paper condemning us for it.

I think you ought to show a little more resistance and cooperative effort to bring an end to these conditions rather than to, in some way, even though under coercion, acquiesce in them. I hope from this testimony that others throughout the country will realize that there is an obligation and duty resting upon them, that when these situations are presented to them to resist them rather than to compromise with it.

Thank you very much.

I want to say I think your testimony has been very helpful. I commend you, sir, for coming in here and saying, "Well, here is the situation. Here is what we were fronted with and here is what we did."

But again, I say that there is a duty resting upon all of us to fight these conditions and to eliminate them and eradicate them from our society and economy.

Thank you very much.

MR. KENNEDY. Could I say that Mr. Poch has been extremely helpful, and the paper has been helpful, since the beginning of this investigation. They turned over and made available all their records to us when we went in there and answered all questions frankly and honestly, which is more than we have received from other employers in other sections of the country, as well as union officials.

Also, Mr. Connolly, the attorney for the newspaper, has also been extremely helpful.

THE CHAIRMAN. We wish to thank you for it. Counsel had not said that to me, but I gathered you had been cooperative, and I don't know but what maybe you welcomed the opportunity to show this cooperation. We appreciate it very much.

I hope it will inspire others to show their willingness to cooperate. Let's all work together to serve our country and bring these unhappy and unfortunate incidents and practices to an end.

Thank you.

MR. Poch. Thank you.

MR. CONNOLLY. Senator, if I might say, we take some pride in the fact that these things have been corrected.

THE CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Cozza.

Mr. Cozza evidently is on his way, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess for 5 minutes.

(A short recess was taken, at which time the following members of the select committee were present: Senators McClellan and Kennedy.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present after the recess were Senators McClellan and Kennedy.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Is Mr. Cozza here yet?

Mr. Chairman, he was asked to be here at 9 o'clock, and was subpoenaed to be here.

The CHAIRMAN. All right. Does anyone here know anything about Mr. Cozza?

Let the record show that he is not present, and it is now 11 :20.

Proceed.

Mr. KENNEDY. Could I have a minute then, Mr. Chairman?

The CHAIRMAN. All right, we will be at ease a moment.

Mr. KENNEDY. Here is Mr. Cozza now, Mr. Chairman.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Cozza. I do.

TESTIMONY OF THEODORE R. COZZA, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. Cozza. Theodore R. Cozza, 521 Edgeridge Road, Pittsburgh, Pa.

The CHAIRMAN. What is your occupation, Mr. Cozza?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I will ask you another question. Were you subpoenaed to be present this morning?

Mr. Cozza. Yes, sir.

The CHAIRMAN. What time were you supposed to be present under the subpoena?

Mr. ALLDER. Might I answer that, Senator? I think I was told the time, and not him. I was told to be at room 101 at 9:30 in the morning. Late yesterday I talked to Mr. Kennedy's office and I told him I would check in this morning with the people, and they would appear in front of the committee whenever they were wanted.

I had to appear in court myself at 10 o'clock this morning. I was excused from there at 10:20, and I called Mr. Kennedy's office and I told him everybody was here and I told Mrs. Davis of his staff. So if he is late it is my fault and no one else's.

The CHAIRMAN. All right.

I may say this attorney has always cooperated with the committee. He has been very fine. It just became obvious and apparent here to everyone that we were waiting for a witness. If the committee staff was working through you, and it worked out this way, you had to be in

court, the Chair will say for the record that we will not hold that against your client.

Mr. ALLDER. Thank you, sir.

The CHAIRMAN. We will proceed, however, with the interrogation of him, as a witness.

All right.

Mr. KENNEDY. Mr. Cozza, you are president of local 211, International Brotherhood of Teamsters; isn't that correct?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you have held that position since 1950; is that correct?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Cozza, we have had some testimony here in connection with your relationship with the Pittsburgh Sun-Telegraph. Would you tell us about that yourself?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to the information presented to the committee, the Sun-Telegraph had to pay you approximately \$75,000 in salary, and then another \$25,000 for the rental of your automobile or your truck in order to maintain labor peace. Is that correct?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. They made these payments in fear that they would have labor difficulties?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If that testimony is true, you are being given an opportunity to deny it with sworn testimony before the committee.

Do you want to deny it or do you want to simply take the fifth amendment.

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, you can say you want to take the fifth, and you have that privilege; that wouldn't incriminate you, and you are incriminating yourself by every statement you make when you take it.

You propose just to take the fifth amendment on questions related or regarding the testimony that has been adduced here before the committee with respect to your relations with this newspaper; is that correct?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let me ask you another question: Don't you think if you did it, if the testimony is true, that you are a parasite upon the economy and society of this country?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I think if you gave an honest answer to it, it would. Proceed, Mr. Kennedy.

Mr. KENNEDY. Now, Mr. Chairman, we had some testimony back in August of 1958 in connection with Mr. Cozza and his operations

or relationship with Exhibitors Service, and also his relationships with Mr. Barney Baker, who came into Pittsburgh and was able to settle a labor difficulty that Exhibitors Service had with Mr. Cozza's union, after Mr. Callahan of Exhibitors Service made some payments and some loans to Barney Baker.

So the information regarding Mr. Cozza was well known at that period of time, and Mr. Hoffa was here present during the testimony.

Could you tell the committee if Mr. Hoffa has taken any steps to remove you from your opposition as president of local No. 211 since our hearings back in August of 1958?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you still president of that local?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you ashamed of being an officer in a labor union organization?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If you said "Yes," it might tend to incriminate you, and if you say "No," you are not ashamed. I don't see how that would incriminate you, do you?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right.

Mr. KENNEDY. May I call Mr. Salinger, to put in the record what moneys Mr. Cozza has received from the local union?

TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. SALINGER. In the period January 1, 1950, to the middle of 1959, or May of 1959, when we examined Mr. Cozza's books, the total of \$68,056.40 was expended to Mr. Cozza in salary and expenses.

The CHAIRMAN. That is from what?

Mr. SALINGER. January 1, 1950, to May of 1959.

The CHAIRMAN. That is the same period that is covered by the \$75,925.05 that he received from the Pittsburgh Sun-Telegraph?

Mr. SALINGER. That is correct, sir.

The CHAIRMAN. So he did actually receive more from the Pittsburgh Sun-Telegraph than he received from his union.

Mr. SALINGER. That is correct, sir.

The CHAIRMAN. And these figures cover the exact same period of time?

Mr. SALINGER. They do; yes.

Mr. KENNEDY. Now included in that, for instance, is a trip to Europe; is that right?

Mr. SALINGER. That is correct. Mr. Cozza was given \$3,000 by the local to make a trip to Europe in 1955.

The CHAIRMAN. During that period while he was in Europe, was he also drawing his money from the newspaper?

Mr. SALINGER. That is the only period, Senator, when they took him off the payroll; they took him off for 2 weeks when he was in Europe.

The CHAIRMAN. He was taken off the payroll while he was on this tour of Europe?

Mr. SALINGER. Actually, he was only in Europe 5 days, and something came up that seemed to him more important than being in Europe and he returned very rapidly to Pittsburgh.

Mr. KENNEDY. This is a local of some 600 members?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And they took \$3,000 out of the treasury and paid for his trip to Europe?

Mr. SALINGER. That is correct.

Mr. KENNEDY. The union; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Did he pay taxes on that money?

Mr. SALINGER. No; Mr. Cozza sought the advice of attorneys who told him that there was no need for him to pay taxes on this money, since it had been a gift. The Internal Revenue Department took a different view of the situation and ordered that he pay taxes on it, at which point the local paid the taxes.

Mr. KENNEDY. Do you know if he was organizing newspapers in Europe when he was over there?

Mr. SALINGER. I don't know that, sir.

Mr. KENNEDY. Has he also received a Cadillac from the local?

Mr. SALINGER. In 1959, this year, he received a new Cadillac from the local.

Mr. KENNEDY. How much did that cost the local union?

Mr. SALINGER. It was slightly in excess of \$7,000. I don't know of the exact figures.

Mr. KENNEDY. That was paid out of union funds?

Mr. SALINGER. It was.

TESTIMONY OF THEODORE R. COZZA, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER—Resumed

Mr. KENNEDY. Would you tell us about that, Mr. Cozza?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you do any legitimate work or perform any legitimate services for the Pittsburgh Sun-Telegram during that period of time from January 1, 1950, to May 15, 1959?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did they pay you this money, this \$75,000 plus, in order to keep you from stirring up or agitating or causing labor trouble in their organization?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If it was not paid to you for that purpose, are you willing to state now for what purpose it was paid to you?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you perform any actual manual labor or drive any trucks or perform any comparable service like that as other laborers did who were on the payroll for the paper?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there something dishonest about it, that you don't want to be known because it might tend to incriminate you if it were known; is that the reason you take your position?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. In other words, if you answered that honestly, you might have to say, "Yes," and a yes answer might tend to incriminate you; is that your position?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Senator KENNEDY. As I understand it, reference was made to you in the testimony with regard to Mr. Baker. Do you know Mr. Hoffa was informed about that?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. You recall that a payment was made to Mr. Baker by an employer in order to come to Pittsburgh in order to settle a labor dispute in which you were involved?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. I notice you made a statement recently on November 3, 1958, at a banquet where Mr. Hoffa was, when you called Mr. Hoffa a leader among leaders, a giant among giants, who has emerged straight, pure, and clean.

Mr. Cozza, is that your judgment?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. I would say to you also, Mr. Cozza, that I would call attention to section 302(b) of the Taft-Hartley Act, which makes it illegal—

It shall be unlawful for any representative of any employees who are employed in an industry affecting commerce to receive or accept, or to agree to receive or accept, from the employer of such employees any money or other thing of value.

The penalty:

Any person who willfully violates any of the provisions of this section shall, upon conviction thereof, be guilty of a misdemeanor and be subject to a fine of not more than \$10,000 or to imprisonment for not more than one year, or both.

I would ask you, in order that this record will be clear, what services did you perform for this newspaper in return for the payments they made to you?

Mr. Cozza. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, can we have Mr. Cozza identify the picture? It must be remembered, not only did we have the information regarding Barney Baker and his relationship with this employer and with Mr. Cozza, but Mr. Hoffa was present. We also put into the record that Mr. Cozza had an extensive criminal record.

As has been shown today, he has had an arrest record of eight arrests and some four convictions. It was after that that Mr. Hoffa

went to Pittsburgh and went to a dinner on behalf of Mr. Cozza, with the excerpt of Mr. Cozza's speech which Senator Kennedy read.

The CHAIRMAN. Were you at that dinner?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you recall whether you were there or not, or are you just saying even if you were, you think it might incriminate you?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. So there will be no doubt about your recollection, any misunderstanding about whether you do recall or not, if there is, I would like to present you here with a picture, a photograph, which might tend to refresh your memory.

I will ask you to examine it and state if you identify it.

(The photograph was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Do you recognize the photograph, Mr. Cozza?

Mr. ALLDER. Senator, would you ask him first if he has looked at it?

The CHAIRMAN. I observed him looking at it.

I believe you looked at it, didn't you, Mr. Cozza?

Mr. COZZA. I have looked at it.

The CHAIRMAN. Do you see anything about it that is familiar?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is it not a picture of you and Mr. Hoffa and Mr. Getty?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Was it not taken on the occasion of a meeting given in your honor, a dinner, at which Mr. Hoffa was present?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What went on there on that occasion that could possibly incriminate a decent, law-abiding citizen of this country?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You wouldn't consider it a likely incrimination at all to have your picture made with Mr. Hoffa, the international president of your union, would you?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Don't you realize that some people might get the impression that when you testify that you had your picture made with Mr. Hoffa at a dinner given in your honor, when you say that if you gave a truthful answer to that question that a truthful answer might tend to incriminate you, don't you realize that that may be giving the impression to people who hear or learn about this testimony that you think it would be likely to incriminate you to be in the presence of the president of the international union? Don't you realize it may give some that impression?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I wouldn't think it very complimentary. I don't know how you feel about it, but I wouldn't regard it as a compliment to me if someone who happened to be in the picture with me, when asked about it, said "I can't talk about that. It might incriminate me."

I would feel like he thought maybe his presence or association with me would be incriminating. Do you have any comment to make about it?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The picture may be made exhibit No. 2.

(Photo referred to was marked "Exhibit No. 2" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Would you tell us the taxes that the union paid for the Cadillac, and the rest of the information?

Mr. SALINGER. The taxes on that \$3,000 Mr. Cozza got to go to Europe amounted to \$521.79, paid by the local. It is of some note that Mr. Cozza received \$450, which was 18 days advance at \$25 a day to go to the Teamster International Convention in Miami, Fla., in 1957, and during that entire 18-day period was carried on the rolls of the Pittsburgh Sun-Telegraph.

The CHAIRMAN. Would you say there would be a conflict of interest where you took money from the paper and where you took money also from the union?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Wouldn't you say that by taking money both from your union to represent it, and money from the paper to represent it, or to refrain from acts that might be undesirable from the paper's standpoint or view, wouldn't you say you were placing yourself in a position of trying to serve two masters?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

I might add that the dinner that Mr. Hoffa spoke before on behalf of Mr. Cozza took place, I believe, on November 2, 1958, at which time this picture was taken. That was some months after we first brought out the derogatory information regarding Mr. Cozza.

The CHAIRMAN. Is that information in error, Mr. Cozza?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you willing to do anything whatsoever to cooperate with this committee, to aid it in carrying out its duties under the resolution establishing it?

Are you willing to do anything to cooperate with it, to assist your Government in carrying out this mission, and performing this duty to the Congress?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It might incriminate you to serve your country? Is that what you are saying?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Harry Gross.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GROSS. I do.

TESTIMONY OF HAROLD GROSS, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER

The CHAIRMAN. Will you state your name, your place of residence, and your business or occupation, please, sir?

(The witness conferred with his counsel.)

Mr. GROSS. Harold Gross, 64-11 99th Street, Long Island.

The CHAIRMAN. Will you conclude your answer to the question?

Mr. ALLDER. What was the rest of the question, Senator?

The CHAIRMAN. What is his business or occupation?

(The witness conferred with his counsel.)

Mr. GROSS. I respectfully decline to answer on the grounds I honestly believe the answer may tend to incriminate me.

The CHAIRMAN. Are you honest in that? Do you honestly believe it or are you making that statement irrespective of the truth of it?

Mr. GROSS. Yes.

The CHAIRMAN. Yes what?

Mr. GROSS. Yes, sir.

The CHAIRMAN. Yes you are honestly making the statement, or are you making it irrespective of the truth of it?

Mr. GROSS. I honestly believe the answer may tend to incriminate me.

The CHAIRMAN. Proceed.

Let the record show the same counsel appears for this witness.

Mr. KENNEDY. Mr. Chairman, we have had testimony in connection with Mr. Gross already, that he was arrested and convicted of grand larceny and the possession of burglar tools in 1937. In 1942 he was convicted of extortion and sentenced to an indefinite term in the New York City Penitentiary. He was paroled on May 1, 1945. We had testimony that he was a member of Murder, Inc., and that he was working for a Teamster local that was set up by Murder, Inc.

We had testimony that he was placed on the payroll of the Neo-Gravure Co. in 1945 to bring labor peace, and he and associates of his received some \$307,000 in a period of approximately 14 years; that in addition to that, that they received some \$45,000 from two newspapers in New York City, Mr. Gross and Mr. Connie Noonan received some \$45,000 from two newspapers in New York City for the purpose of insuring deliveries during the period when there was a strike in existence.

We had testimony that, despite this record, in October of 1948 Mr. Gross was made a Teamster Union official; at the same time he was on the payroll of the Neo-Gravure Co., he was made a Teamster Union official of local 320 in Miami, Fla.

Mr. Gross, we would like to ask, in view of the testimony before this committee and the documents that have been presented to the committee, has any action been taken to remove you from your position as president of local 320?

Mr. Gross. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Mr. Gross, these statements that have been made with regard to your record as shown by the evidence before this committee, do you wish to correct any of those statements if they are in error?

Mr. Gross. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. I don't see how your answer could incriminate you, unless you admitted that the record is correct, or unless you said that the record is even worse than what the testimony here reflects.

Do you wish to comment on that?

Mr. Gross. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Mr. Kennedy, has this witness appeared before us before?

Mr. KENNEDY. Yes. And we have had that information, Mr. Chairman, in the record. He was made head of this local 320 some 16 or 18 months after our hearings began, even though he had this criminal record and even though he had been shaking down these employers during this period of time.

Not only was he made head of the local, but that local was being financed by the international union, Mr. Hoffa directly, at \$3,000 per month. He was having his salary paid out of that, as well as his obtaining the red Thunderbird, as well as the automobile for his son, while in Miami, Fla. The local had 32 members the last we looked at it.

The CHAIRMAN. In other words, assuming the record before this committee, the sworn record, is correct, the issue presented here, the thing that is of concern to members of the committee, and I am sure to the public, is after these exposures are made, these acts that are criminal, not just merely improper conduct, but actually criminal acts, after they are exposed, what is being done, if anything, to clean up the situation by the union itself?

If nothing is being done, then the question arises: Is it imperative that Congress enact legislation to try to correct the conditions? Or must we all just surrender and do nothing?

Here is the opportunity and there was the promise on the part of Mr. Hoffa to try to clean up this situation, and after we make these exposures it goes on and on. We bring a witness like this in here and ask him if he is an official of the union or what his connection is with the union or what is his business or occupation, and he says under oath that if he answered the question truthfully, a truthful answer might tend to incriminate him.

The question is: Can a government, based on law and order, and can a decent society longer tolerate such conditions in this country and the impact that it is having upon our economy and upon our social, political, and economic life?

Is there a duty now, at this session of Congress, resting upon the Congress to undertake to deal with this by legislation?

I think there is, and I think the testimony of this character and lack of testimony from witnesses like the one on the stand now, clearly again demonstrates, irrevocably, that such legislation is needed.

Are there any questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. Senator Kennedy?

Senator KENNEDY. As I understand it, Mr. Gross, you were receiving from several companies, including the Neo-Gravure Co., a salary, \$14,000 a year, as supervisor, and that you seldom visited the plant, and for the greater part of a year and a half you have been a resident of Miami, Fla.

You also placed on the payroll your brother, brother-in-law, and two sons. You have received money, according to this record, and I would be glad to have you correct it, for services which you did not render. That would seem to me to bring you into conflict with section 302(b) of the Taft-Hartley Act for receiving money or anything of value from the employer of such employees without rendering service comparable to other employees for that money, and which, of course, makes you guilty of a misdemeanor subject to a fine and a year in prison.

Will you tell me what services you rendered for that money?

Mr. Gross. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator KENNEDY. I would like to ask counsel if Mr. Hoffa is aware of the payments that were being made? Was he familiar with Mr. Gross? Did Mr. Gross have any contact with him?

Mr. KENNEDY. He was placed in charge of this local which, as I say, had only 32 members, in October 1958, and subsequently, in November of 1958, checks coming out of the international union, started by financing this local at \$3,000 a month, and Mr. Gross' salary was paid out of that local.

Mr. Gross also went around to certain filling stations and certain employers in Miami and asked them to invest in his union. He told them that if they invested in his union some \$7,000, if they made that investment, they could get tremendous returns in the future, that this was a business he was running and that he had the financial backing of Mr. Hoffa, and that this would be a very good investment for employers.

Senator KENNEDY. Did some employers make that investment?

Mr. KENNEDY. Yes. Barney Baker was down there helping him organize.

Senator KENNEDY. When was that?

Mr. KENNEDY. This year.

Senator KENNEDY. And he also received some \$3,000 a month from the international?

Mr. KENNEDY. Yes, and the red Thunderbird, and the son received his automobile and expenses.

Senator KENNEDY. How was he made the head of the local?

Mr. KENNEDY. It stated in the minutes that there was an election. He had not been associated with that local. At that time he was an employee of the Neo-Gravure in New Jersey. He made the statement at that time that he was going up to Washington, D.C., and he expected to get a local from Owen Bert Brennan.

He came back to Miami, Fla., and became head of this local. He made the statement publicly in Miami that he expected to get the local and that he was going to Washington, D.C. to visit Owen Bert Brennan. He visited him, evidently; he got the local, anyway.

Senator KENNEDY. Mr. Brennan was vice president at that time?

Mr. KENNEDY. Yes. We have specific questions to ask Mr. Hoffa about this.

That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

All right, you may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Joseph Blumetti.

The CHAIRMAN. Be sworn, please, sir.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLUMETTI. I do.

TESTIMONY OF JOSEPH BLUMETTI, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BLUMETTI. Joe Blumetti, 3923 Shelby Road, Youngstown, Ohio.

The CHAIRMAN. Do you have any business or occupation?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have an attorney?

Mr. BLUMETTI. I do, sir.

The CHAIRMAN. Let the record show the same counsel appears for this witness as appeared for the two previous witnesses.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we have had Mr. Blumetti before the committee at a prior hearing. Mr. Blumetti has a conviction for white slavery. He has an extensive criminal record. He received 6 years and 1 day for white slavery. He was paroled from the U.S. Penitentiary in Leavenworth, Kans., in 1946. He has been arrested for possession and passing of counterfeit \$10 bills and for counterfeiting.

He has received a conviction for making false statements to the Selective Service. He was then made a Teamster Union official, in Mr. Hoffa's Central Conference of Teamsters.

According to the information we checked out there, he still is a Teamster Union official. He runs local 410, the jukebox local. He has approximately 100 members. He makes some \$10,000 each year. He is a strong, active supporter of Mr. James Hoffa.

Could you tell us anything about this, whether you still hold your union position, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. For instance, Mr. Chairman, for the financing of this local, the local dues, if the individual member of the union had

to pay dues himself, that wouldn't finance Mr. Blumetti. So the arrangement that has been made in the Teamsters is that they pay per machine, so that that man who owns 40 machines must pay \$40 dues to Mr. Blumetti.

The CHAIRMAN. You don't have a human being as members of the union, but you have these mechanical machines that become members by paying dues?

Mr. KENNEDY. Yes. For instance, we found a father and son, with no employees, running a company. They have 65 machines and have to pay dues of \$65 a month to Mr. Blumetti. They have no employees whatsoever. But in order to exist, they have to make the payments.

The CHAIRMAN. Why do they have to do that, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do their dues at \$1 per machine, or whatever it is, support anything worth while or constructive?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do they get any benefit whatsoever from the dues or from membership, the character of membership, in your union?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Or would it be more accurate to say that such payments are simply an extortion imposed upon people like that, and that the money goes for no purpose except to support a parasite on society?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It might.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we also went into the fact that Mr. Blumetti was running for office, and that all of his opposition was declared ineligible by the international and by Mr. Hoffa, based on the fact that they did not have their dues paid up on the first day of the month.

They have a checkoff system and the dues did not arrive at the union headquarters until the 2d, 3d, or 4th day of the month. The board of monitors ruled that this was constructive payment and that these people should be allowed to run for office.

Mr. Blumetti was an officer of another local at that time. That was taken to a court in Ohio, Judge Connell's court, and he ruled for Mr. Blumetti and against the individuals. The rank and file members were not allowed to appear in court or make their argument.

The only one that was allowed to appear was Mr. Robert Knee, who was the attorney for Mr. William Presser, president of the Ohio Conference of Teamsters, and also the attorney for Mr. Hoffa. He made the argument before Judge Connell's court and Judge Connell ruled in favor of Mr. Blumetti.

Subsequently, that court decision was overturned by a higher court and also by the court here in Washington, which ruled that these individual members should be allowed to vote in an election. So we have had several things in connection with Mr. Blumetti's activities,

and we have established clearly that this union is being run in the manner I described.

We have established that the man has been convicted on two occasions for serious crimes, in connection with the false statements to the Selective Service and the white slavery and yet still holds his union position, and is a strong supporter of Mr. Hoffa and vice versa.

The CHAIRMAN. Did you make your living for a while out of white slavery operations?

Mr. BLUMETTI. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you still in that business?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Again, this emphasizes the need for legislation. People in some areas and in some situations, honest, decent people, are helpless to protect themselves. I think it is imperative and compelling that the Federal Government enact laws to deal with problems such as have been revealed here.

Senator KENNEDY?

Senator KENNEDY. Mr. Blumetti, did you or the counsel state that the employers made a monthly payment based on the number of machines that they had?

Mr. KENNEDY. They make the payment to the union.

Senator KENNEDY. Are these employers members of the union?

Mr. KENNEDY. Yes, they are made to be members of the union and they pay on the basis of how many machines.

Senator KENNEDY. In other words, they don't pay the normal dues which an employee member of the union pays to the union; they pay not on \$4 or \$5 a month, whatever the fee may be, but they pay depending on how many machines they have?

Mr. KENNEDY. That is correct. For instance, this local, which has approximately 100 members, has an income of approximately \$50,000 a year.

Senator KENNEDY. Among those 100 members are employers?

Mr. KENNEDY. Most of them are employers.

Senator KENNEDY. They make this payment. It seems to me that is against the law under section 302(b), which is receiving payment for services not rendered. In addition, it seems to me, and I will be glad to hear the counsel or witness, that it is an unfair labor practice, and shall be an unfair labor practice for a labor organization or its agent—forcing or requiring any employer or self-employed person to join any labor or employer organization.

That is section 8(b) (4) (A). And section 8(b) (6) makes it an unfair labor practice—

to cause or to attempt to cause an employer to pay or deliver or agree to pay or deliver any money or other thing of value in the nature of an exaction, for services which are not performed or not to be performed.

Have you any comment on that?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. All I know is about what I have heard this morning, but that appears to me to be a shakedown. If you have

an employer join the union on a different basis than other union members, and pay a fee or an exaction per machine, what happens to that money? Is that put in a special fund or anything?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further with this witness?

Mr. KENNEDY. No.

I might say, Mr. Chairman, and I think it should be brought to the attention of the committee, that the clerk, the secretary, of Judge Connell was also on the payroll of the Teamsters Union during this period of time.

The CHAIRMAN. Do we have sworn testimony to that effect?

Mr. KENNEDY. Yes. We can put that in.

He also received some money from the attorney, Mr. Knee, of the Ohio Conference of Teamsters. I am not making a charge against Judge Connell, but I feel that the information should go into the record.

Mr. ALLDER. Are you through with this witness, Senator?

The CHAIRMAN. Are you through with the witness, Mr. Kennedy?

Mr. KENNEDY. Yes.

The CHAIRMAN. What is this statement? I want to ask this witness if there is anything about it. His union was involved?

Mr. KENNEDY. No, Local 521 of the Teamsters was involved?

The CHAIRMAN. Not his union?

Mr. KENNEDY. Not his union.

The CHAIRMAN. If there are no further questions, you may stand aside.

Mr. KENNEDY. We have an affidavit from the gentleman involved, Mr. Chairman, in connection with the payments.

The CHAIRMAN. All right, Mr. Salinger; you may proceed.

TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. SALINGER. We have an affidavit from William K. Bronstrup, who lives at 6364 Bonroi Drive, Seven Hills, Ohio, who states that he is employed as secretary to U.S. District Judge James C. Connell; place of employment, Federal Building, Cleveland, Ohio.

He further goes on to state that he has worked as an administrator for the welfare fund of Local 521 of the Teamsters Union in Cleveland, Ohio. The total payments to Mr. Bronstrup from that local as reflected by records we have looked at amounts to \$4,901, covering the years 1955, 1956, 1957—excuse me—1954, 1955, 1956, and 1957. He received remuneration at the rate of \$30 per week, and states that the work he did for the fund was mostly in the evenings after court closed.

“Other outside employment” was—

My employment by Robert Knee, Esq., of Dayton, Ohio. I believe Mr. Knee is an attorney for the Teamsters Union.

He goes on to state that Mr. Knee requested him to investigate validity of claims for hospitalization benefits made by persons insured by the Blue Cross. He received compensation of \$100 per month from Robert Knee for this service.

The CHAIRMAN. That is an affidavit?

Mr. SALINGER. This is the affidavit of Mr. Brontrup.

The CHAIRMAN. The affidavit may be made exhibit No. 3 for reference, and you may quote excerpts from it.

(Affidavit referred to was marked "Exhibit No. 3" for reference and may be found in the files of the select committee.)

Mr. SALINGER. He said he had worked for Bob Knee for about 1 year, and this was done in addition to the work for the welfare fund. He was asked if he knew William Presser and Louis Triscaro. He stated:

I have known of Babe Triscaro since he was a boxer in Cleveland many years ago; and of Bill Presser for about the past 6 years. I do know them well enough to talk with them when we meet. Except for casual meetings, I have met with Babe Triscaro and Bill Presser on only one occasion: Sometime in early 1956 an appointment was made to speak at a meeting and when there, spoke—not at the Teamsters Hall—with both Bill Presser and Babe Triscaro, among others, to seek their support and the support of the Teamster organization for William O'Neill, who was then a candidate for the governorship of Ohio.

My solicitation of their support was due to my long, active role in politics. * * *

Mr. KENNEDY. I believe he states in there that he had informed the judge of his financial arrangements with the Teamsters.

Mr. SALINGER. He does state that.

Mr. KENNEDY. That is all.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Joseph DeGrandis.

Mr. ALLDER. He will be here in a couple of minutes.

Mr. KENNEDY. Mr. Wainwright.

Mr. ALLDER. Here is Mr. DeGrandis, Mr. Kennedy.

The CHAIRMAN. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DeGrandis. I do.

TESTIMONY OF JOSEPH DeGRANDIS, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DeGrandis. Joseph DeGrandis, 3890 Victory Boulevard, Staten Island, N.Y.

The CHAIRMAN. What is your business or occupation, Mr. DeGrandis?

Mr. DeGrandis. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You have counsel present?

Mr. DeGrandis. I do.

The CHAIRMAN. Let the record show the same counsel appears for this witness as for the preceding witnesses.

Mr. DeGrandis, is there anything at all you are willing to do to cooperate with the committee, to help it carry out the mission that the Congress gave to it, to perform the duties that are incumbent upon

it under the assignment it has, anything at all you are willing to do to cooperate?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You think that is the act of a good citizen, do you?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, Mr. DeGrandis has appeared before the committee previously. He is president of Automatic Coin & Vending Machine Union, Local 266 of the International Brotherhood of Teamsters in New York City.

His criminal record, as it has been put into the record before, includes a conviction in 1939 for criminally receiving stolen property. He received a 2½- to 5-year sentence in Sing Sing. He was paroled and returned to Sing Sing as a parole violator, following his arrest for possession of an unregistered still.

Following his release from Sing Sing he was sentenced to the U.S. Federal Penitentiary in Atlanta, a cause arising out of the still.

He received a charter for local 13 of the Retail Clerks International Association, and that charter was lifted on March 5, 1957, by the international union because of charges of racketeering against Mr. DeGrandis.

The CHAIRMAN. When that union found a condition that prevailed in connection with this man's union associations and relationships, they took action and immediately lifted the charter?

Mr. KENNEDY. They felt it was run as a racket.

The CHAIRMAN. What happened since?

Mr. KENNEDY. They went in to obtain all the books and records of Mr. DeGrandis' local, went in to take possession of the office. They didn't find checks, membership records, or anything; they found in the office only two items: a billy and a gun.

Shortly after this Mr. DeGrandis became a Teamster Union official in New York City.

The CHAIRMAN. Did you seek out a position with the Teamster Union, or after they learned about your situation and the equipment you had on hand, did they seek you out to become a member or officer of their union?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, he became head of the local and received a charter from the Teamsters, and at the time of our hearing the local had fewer than 100 members. Its operation, once again, was financed through label fees. The dues were 65 cents per machine.

Mr. DeGrandis received a salary of \$250 a week, and he purchased two automobiles which had been authorized by the minutes. It is interesting to note as we put into the record, that the minutes authorizing his possession or purchase of the two automobiles were written up on December 5, 1957. From an examination of the records in which the minutes appeared, we found that the book that contained the minutes had not been purchased until May 15, 1958, although the minutes were written up in December 1957.

The CHAIRMAN. Do you wish to give any explanation of that unusual circumstance?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Was it ever voted by the members of the union for you to have those two automobiles at union expense?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are the minutes that reflect that action absolutely false?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you believe if they were truthful, if the record were truthful, that it would tend to incriminate you?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. That is all.

Senator KENNEDY. Mr. DeGrandis, if you have 100 members and they are paying an average of \$5 a month dues, though I don't know what it is—you don't want to say what it is, do you?

Mr. DeGRANDIS. I respectfully—

Senator KENNEDY. All right.

That is \$500 a month. Your salary is \$1,000 a month. In addition, you have these two cars, plus whatever else you may get, whatever other income you may have. It is quite obvious, then, that you are receiving the balance of your income from employers, and you are receiving it from these labels, or whatever you might call them, stickers, that you place on the machines. You get so much per month. What is it, 65 cents per month?

Mr. KENNEDY. 65 cents per month.

Senator KENNEDY. How many machines do you have?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. Isn't it a fact that you have a contract with Eugene Jacobs, head of the United Coin Machine Operators of New York, who came before this committee and took the fifth amendment?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. Isn't it just a racket which you have with less than 100 members? You give protection to Mr. Jacobs, who is a racketeer also, and any time anybody tries to bring in any machines which compete with those under Mr. Jacobs' management, then you threaten to put a picket line around the shop, and in that way you protect Mr. Jacobs and the employers?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. That isn't a union; it is just a racket by you and these employers with whom you are associated. If that is an inaccurate statement in any way, I will be glad to retract it.

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. I would like to see if we could get an opinion from the National Labor Relations Board and the Department of Justice whether these payoffs in the form of stickers per machine per

month is against the law, if it is not a form of extortion or an employer payoff.

The CHAIRMAN. They certainly had an opportunity to give it consideration by this time. This record has been public knowledge of what has been going on. I hope they will give us an opinion about it. We will seek it.

Mr. KENNEDY. I will put out again, Mr. Chairman, that this gentleman has received two serious criminal convictions, he has been arrested a number of times, he is under indictment at the present time. He was expelled from another union because of racketeering. He now holds this union position.

All of this information that I put into the record before has been disclosed, and which I put back into the record today, and he is still an officer in the union.

The CHAIRMAN. Is he still an officer of the union?

Mr. KENNEDY. That is what we understand.

The CHAIRMAN. Still operating as an official of a union, a representative of a union?

Mr. KENNEDY. That is correct.

The CHAIRMAN. And this racketeering—if it is racketeering—that you just described, continues?

Mr. KENNEDY. That is right.

The CHAIRMAN. Are there any further questions?

Is there anything in the world that you want to say about this to kind of clarify this, if there is any confusion in your mind about it?

Mr. DeGRANDIS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I assume it is clear.

All right. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Sam Goldstein.

The CHAIRMAN. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOLDSTEIN. I do.

TESTIMONY OF SAM GOLDSTEIN, ACCOMPANIED BY COUNSEL, MICHAEL P. DIRENZO

The CHAIRMAN. All right, Mr. Goldstein, state your name, your place of residence, and your business or occupation.

Mr. GOLDSTEIN. Sam Goldstein, 157 Mary Lane, Jericho, Long Island, N.Y.

Mr. DIRENZO. Will the record indicate that he is represented by Michael P. Drenzo, 253 Broadway, New York City.

The CHAIRMAN. Did you say you were employed?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. In other words, if you have any employment, occupation, or business, you honestly believe that if you admitted it and told what it was, it might incriminate you; is that correct?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. I will ask you again: Do you honestly believe that if you answered the question truthfully—that a truthful answer might tend to incriminate you as to what your business or occupation is?

Mr. GOLDSTEIN. Senator McClellan, sir, I rest on my previous answer.

The CHAIRMAN. I ask you this question again: Do you honestly believe that if you gave a truthful answer to the question, "What is your business or occupation?"—that a truthful answer to that question might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. DIRENZO. He desires to confer with counsel.

The CHAIRMAN. Confer.

(The witness conferred with his counsel.)

Mr. GOLDSTEIN. Senator McClellan, sir, I rest on my prior answer.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question. I now propound it again:

Do you honestly believe that a truthful answer to the question, "What is your business or occupation?" might tend to incriminate you?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer the question on the ground that the answer might tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question, and that order will continue through the time that you remain on the witness stand.

You have counsel with you, but I am interested in knowing, and I think we ought to find out, whether witnesses can come before this investigating committee, or any other tribunal that has the authority to require testimony, and state that they decline to answer a question because it might tend to incriminate them without stating, and refusing to state, whether they honestly believe that if they gave a truthful answer to the question, that a truthful answer might tend to incriminate them.

I don't believe witnesses have the right, under the fifth amendment to the Constitution, to capriciously invoke the fifth amendment. I think they have to be sincere in it. When they refuse to make a statement under oath that they honestly believe that such a truthful answer might tend to incriminate them, I believe that they are subject to disciplinary action for failing to answer, and I think it is a duty under the law to answer.

You have counsel. You can consult with him about it, but the order remains until you answer the question.

Mr. GOLDSTEIN. Senator McClellan, sir, I know you are urging me in good faith, but I honestly and truthfully believe that the answer may tend to incriminate me.

The CHAIRMAN. That is all I have asked you for 5 minutes—if you honestly believed it.

Mr. GOLDSTEIN. I honestly do, sir.

The CHAIRMAN. Let us proceed.

Mr. KENNEDY. Mr. Goldstein, did you give your present address?

Mr. GOLDSTEIN. I did, counsel.

Mr. KENNEDY. What was that?

Mr. GOLDSTEIN. 157—my present address?

Mr. KENNEDY. Yes.

Mr. GOLDSTEIN. Well, now, that is a question. Just 1 second, sir. I would like to retract my prior answer.

(The witness conferred with his counsel.)

Mr. GOLDSTEIN. My legal address is 157 Mary Lane, Jericho, Long Island, N.Y.

Mr. KENNEDY. Where are you now living?

Mr. GOLDSTEIN. Under the auspices of the city of New York?

Mr. KENNEDY. Rikers Island?

Mr. GOLDSTEIN. That is right, Counsel Kennedy.

Mr. KENNEDY. You are in prison at the present time?

Mr. GOLDSTEIN. That is right, sir.

Mr. KENNEDY. You still have a job, however?

Mr. GOLDSTEIN. I respectfully decline to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. What is he in prison for?

Mr. KENNEDY. Mr. Chairman, he has an extensive criminal record.

The CHAIRMAN. What is it at present?

Mr. KENNEDY. Extortion.

The CHAIRMAN. You are in prison now on a conviction of extortion; is that correct?

Mr. DIRENZO. For the record, if the Senator pleases, he is not in prison for an extortion at the present time.

The CHAIRMAN. Well, you are there for something. Do you want to tell us what it is? I don't see how it can particularly incriminate you.

Mr. GOLDSTEIN. Senator McClellan, I respectfully decline to answer—

The CHAIRMAN. All right. Decline.

What does the record show?

Mr. KENNEDY. Sam Goldstein has an extensive criminal record, starting back in 1946. He was convicted of operating a gambling establishment in Miami, Fla., when he received a fine.

He is presently, according to our information, president of local 239 of the International Brotherhood of Teamsters. He is, as he stated, in jail at the present time. He was indicted in 1956, along with Johnny Dioguardi and Max Chester. They were indicted for asking for \$30,000 and receiving \$10,000 for bribery and extortion. All the defendants were convicted on July 24, 1957. On September 5, 1957, all the defendants were sentenced to 1 year in the penitentiary and \$500 fines on two counts, to run consecutively, a total of 2 years, and \$1,000 fine. They all filed appeals and were out on bail.

Subsequently, on March 11, 1959, Sam Goldstein and Johnny Dioguardi were brought back and resentenced on this indictment. Goldstein received 1 year in the New York City Penitentiary and fined \$500, four counts, to run concurrently; Dioguardi was given a suspended sentence on the four counts.

Therefore, he is in jail on that indictment.

There was a second indictment in 1957. He was indicted by himself at that time on March 5, 1957, for conspiracy, one count; attempted extortion, one count; coercion, one count; and extortion, four counts.

On March 27, 1958, before Judge Mullen, in the general sessions court, he pled guilty to attempted extortion to cover all the counts, and he was sentenced on February 18, 1959, to 3 to 5 years in the State prison; the execution of the sentence was suspended and he was put on probation. In the meantime, he went to jail on the first conviction.

The CHAIRMAN. It all involved extortion or some form of corruption, thievery; is that right?

Mr. KENNEDY. Yes. Therefore, he has been in jail for some 2 or 3 months. He still holds his union position, although on page 15014 of the record, Mr. Hoffa gave us the names of those individuals who had been removed from positions within the Teamsters Union because of convictions of crimes. Mr. Sam Goldstein was one of those listed by Mr. Hoffa as no longer being a union official.

The CHAIRMAN. What date was that testimony?

Mr. KENNEDY. September 1958.

The CHAIRMAN. In other words, September of last year. Mr. Hoffa was testifying that Mr. Goldstein was no longer an officer of the union, that he had been expelled; is that correct?

Mr. KENNEDY. He said he was expelled at that time.

The CHAIRMAN. He wasn't supposed to be a member at that time, according to Mr. Hoffa?

Mr. KENNEDY. That is right. This is the local where the secretary-treasurer was Anthony "Tony Ducks" Corallo. This is the local that was involved in the paper locals and which played an important role in our hearings during 1957.

I would like to call Mr. Paul Tierney, from the staff of the committee, to put into the records the information to show that Mr. Sam Goldstein is an officer of the local and still receiving his salary while in the penitentiary.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TIERNEY. I do.

TESTIMONY OF PAUL J. TIERNEY

The CHAIRMAN. Your name is Paul Tierney, a member of the staff of this committee, and have been serving as such since the committee was established; is that correct?

Mr. TIERNEY. That is correct.

The CHAIRMAN. In the course of your duties, have you investigated this matter with reference to Mr. Goldstein as to his present status with the union and his salaries or moneys he is receiving from the union at the present time and in the recent past?

Mr. TIERNEY. I have, Mr. Chairman, and also a staff member under my supervision.

TESTIMONY OF SAM GOLDSTEIN, ACCOMPANIED BY COUNSEL, MICHAEL P. DIRENZO—Resumed

The CHAIRMAN. Will you state, Mr. Goldstein, for the information of the committee, whether you are now a member of the Teamsters Union or any other union?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Will you state for the record whether you are now an officer in a Teamsters Union, particularly local 239, or any other local or labor organization, if you are an officer in any of them at the present time?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Will you state for the record whether you are now drawing compensation from local 239, while you are serving your prison term, in the form of salary, expenses, gratuities, or for any other purpose during the time you are serving your prison sentence?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Are you drawing such sums or moneys, or compensation, from any union, from any labor organization while you are so serving your sentence?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. The Chair is going to direct your attention to the testimony of Mr. Tierney, a staff member.

I wish you would follow it closely. If there are any errors, any discrepancies, any inaccuracies in what he says, I want to give you the opportunity to correct it.

Proceed.

Mr. KENNEDY. I want to point out, Mr. Chairman, that Mr. Goldstein appeared before the committee in 1957, and the role that he played, the fact that he took \$20,000 from the union, for instance, and paid no interest on a supposed loan, that he was intricately involved in the setting up of the paper locals, that he was involved with many gangsters and hoodlums, that he himself had a bad criminal record—this was all brought to the attention of the now international president of the Teamsters.

The CHAIRMAN. Give us the record, what you found.

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. TIERNEY. In examining the records, we examined particularly, Mr. Chairman, employment records of local 239 of the Teamsters. These show that Sam Goldstein is still employed, and as president, as I will later explain, of local 239, and received a salary. The last we had was for the week ending June 19, 1959.

The CHAIRMAN. June 19, 1959?

Mr. TIERNEY. That was the last one.

The CHAIRMAN. In other words, your records show that his salary was paid up until that time?

Mr. TIERNEY. In other words, it was currently paid up as of the time we made the examination.

The CHAIRMAN. You don't know whether it has been paid since, but you have concluded your examination as of about that time and found that he was currently paid up about a week ago?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. How much does he receive from the union?

Mr. TIERNEY. He receives a salary of \$375 a week, plus \$25 a week in expenses, for a total of \$400 a week, or \$20,800 a year.

The CHAIRMAN. He is receiving that salary from the local while he is serving a prison sentence for extortion or some comparable crime?

Mr. TIERNEY. That is correct.

The CHAIRMAN. That is a local that is a unit of the International Teamsters?

Mr. TIERNEY. That is right, affiliated with the International Brotherhood of Teamsters.

Mr. KENNEDY. How many members does that local have?

Mr. TIERNEY. I am not sure.

Mr. KENNEDY. We will have some more testimony on it this afternoon, which we will put in.

Isn't it correct that he also has an automobile?

Mr. TIERNEY. I am not sure of that right now.

We didn't get into that.

Mr. KENNEDY. We will get into that.

You can also show that he is still the president?

Mr. TIERNEY. President of local 239.

Mr. KENNEDY. That he is president of the local.

Mr. TIERNEY. That is right.

We have a letter from Mac Sherman, recording secretary of local 239, dated March 3, 1959, to the recording secretary of joint council 16, Mr. Edward Corrigan, which lists duly elected officers of local 239 who are eligible to vote in joint council elections.

Sam Goldstein is listed as president in that letter.

The CHAIRMAN. What is the date of that letter?

Mr. TIERNEY. March 3, 1959.

The CHAIRMAN. Was he in prison at that time?

Mr. TIERNEY. He was sentenced just shortly after that.

The CHAIRMAN. Are they still carrying him? Do you have anything to show that they are still carrying him as president?

Mr. TIERNEY. The records do not specifically show that. We can't get people to answer questions. That is our problem, Mr. Chairman.

The CHAIRMAN. Whether he is president or is not president, he is getting \$20,000 a year of of the union?

Mr. TIERNEY. That is right. His salary as president was \$400 a week. As of March 3, 1959, he was getting \$400 a week as president, and the same salary continues up to the present time.

Mr. KENNEDY. Don't some minutes indicate that they intended to keep him on as president?

Mr. TIERNEY. We have the minutes.

The CHAIRMAN. That letter may be made exhibit No. 4.

(Document referred to was marked "Exhibit No. 4" for reference and will be found in the appendix on p. 19121.)

Mr. TIERNEY. I have the executive board minutes of local 239 of September 10, 1957. This was after the trial of Sam Goldstein in connection with the criminal charges, and prior to appeal.

With respect to Mr. Goldstein remaining as president, I will read excerpts from the executive board minutes.

Brother Morrell took the floor to make a motion that it was the opinion and desire of the executive board of this local that Brother Goldstein be continued in his absence as the legal president of this local union and to continue to draw

compensation as such throughout the period of his involvement with his legal problems and until such time as the executive board deemed otherwise.

After discussion, Brother Keenan seconded this motion and a motion was then adopted unanimously.

The CHAIRMAN. That clearly indicates at that time, then, they intended while he served his sentence, for him to continue to serve as president and to get his pay?

Mr. TIERNEY. That is correct, Mr. Chairman.

The CHAIRMAN. And the records corroborate that by the payments having been made and were current up to June 19, about a week ago?

Mr. TIERNEY. That is correct, Mr. Chairman.

Mr. KENNEDY. Who paid Mr. Goldstein's legal bills in connection with these matters?

Mr. TIERNEY. We examined the legal bills, and on the basis——

Mr. KENNEDY. What were the legal bills prior to 1957?

Mr. TIERNEY. The legal bills prior to 1957, they had the firm of Katz & Wolchok on a retainer basis and they averaged around \$1,700 a year.

Mr. KENNEDY. What was the legal bill for last year or the year before?

Mr. TIERNEY. The legal bills from 1956 to the present time in 1959, excluding the Katz-Wolchok, was some \$70,000, paid by the local union.

Mr. KENNEDY. This included legal bills in connection with Mr. Goldstein?

Mr. TIERNEY. That is right. We can determine that at least some \$35,000 of his legal bills were directly in connection with the criminal prosecutions of Mr. Goldstein. We haven't been able to determine exactly how much of the remainder or the balance of the \$35,000, but it is a good portion of it, I am certain.

The CHAIRMAN. In other words, the dues money, the assessments against members, if they are legitimate members of this union, have been used to defend or for the defense, the legal defense, of Mr. Goldstein, the president of the union?

Mr. TIERNEY. That is correct, Mr. Chairman.

At this same executive board meeting from which I read the minutes previously, they herein authorize the payment of these legal bills.

The CHAIRMAN. The minutes of that meeting may be made exhibit No. 4-A.

(Minutes referred to were marked "Exhibit No. 4-A" for reference, and may be found in the files of the select committee.)

Senator KENNEDY. Was that indictment for attempted extortion from employers?

Mr. TIERNEY. From employers, yes, in connection with his duties as a labor union leader.

Senator KENNEDY. What was his plea?

Mr. TIERNEY. Subsequently he entered a plea of guilty to the attempted extortion charge.

Senator KENNEDY. He was trying to extort money from an employer for keeping labor peace?

Mr. TIERNEY. He was attempting it, yes. That is exactly it; yes, sir.

Senator KENNEDY. How many attorneys did he have on his payroll for that amount of money?

Mr. TIERNEY. We have a list of some six attorneys, Senator.

Senator KENNEDY. For this one case?

Mr. TIERNEY. Well, we are not sure of all of them. But the majority of them were in relation to this case.

Senator KENNEDY. How long was his litigation in this one case?

Mr. TIERNEY. He was initially indicted on the first case in 1956, and it continued off and on up until his final sentence in March 1959, and in the interim he was indicated on another charge, another extortion.

Senator KENNEDY. Thank you.

Mr. KENNEDY. Also, some of those legal bills were for Tony Ducks Corallo; is that right?

Mr. TIERNEY. Yes.

Mr. KENNEDY. Do you know anything specifically as far as Tony Ducks Corallo?

Mr. TIERNEY. When Tony Ducks Corallo and Sam Goldstein appeared before the committee in 1957, the attorney for him was one Joseph M. McDonough, of Boston, Mass. The records show a fee of \$10,000 paid to him.

Mr. KENNEDY. Paid to him for the appearances?

Mr. TIERNEY. For their appearances before this committee.

Mr. KENNEDY. \$10,000?

Mr. TIERNEY. \$10,000.

Mr. KENNEDY. This was in connection with another union, originally, where he was trying to collect \$30,000, and ultimately received \$20,000. He had an arrangement with Johnny Dioguardi when the employer was trying to avoid unionization by another union?

Mr. TIERNEY. That is right.

Mr. KENNEDY. And Goldstein and Max Chester we had before the committee, who were threatening the employer's children, they were going to enable this employer to avoid signing up with this other union, the Electrical Workers; is that right?

Mr. TIERNEY. That is right.

Mr. KENNEDY. So it was a sell-out of the employees?

Mr. TIERNEY. That is right.

The CHAIRMAN. Do you want to make any comments, Mr. Goldstein? Is there anything stated here that is inaccurate, false, or untrue that you want to correct?

Mr. DIRENZO. Except this, Senator—

The CHAIRMAN. Let the witness answer.

Mr. DIRENZO. I think in the interest of justice we should correct one facet of this. There was a statement made by Mr. Kennedy about threats to children.

Mr. KENNEDY. I said by Max Chester. I said as far as Max Chester was concerned, we had the tape recording in connection with his threat to the employer's children, and he was involved in this case in connection with Johnny Dioguardi.

The CHAIRMAN. Mr. Tierney, have you a record of the employment and earnings, have you, of Mr. Goldstein, taken from the union records?

Mr. TIERNEY. That is correct.

The CHAIRMAN. That may be made exhibit No. 5.

(Document referred to was marked "Exhibit No. 5" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I assume, Mr. Goldstein, you wish to make no comment regarding the testimony you have just heard?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer.

The CHAIRMAN. I will have to accept that declining as a negative answer, that you don't care to make any comment about it.

Mr. GOLDSTEIN. One second.

(The witness conferred with his counsel.)

The CHAIRMAN. The Chair will announce we cannot conclude with this witness before noon. I wish to recess now. We will return at 2:30.

The committee will resume at 2:30. This witness will have to come back.

(Members of the select committee present at time of recess: Senators McClellan and Kennedy.)

(Whereupon, at 12:35 p.m. the select committee recessed, to reconvene at 2:30 p.m. the same day.)

AFTERNOON SESSION

(The selection committee reconvened at 2:30 p.m., Senator John L. McClellan (chairman of the select committee) presiding.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Kennedy.)

The CHAIRMAN. Mr. Goldstein, will you resume the witness stand, please?

TESTIMONY OF SAM GOLDSTEIN, ACCOMPANIED BY COUNSEL, MICHAEL P. DIRENZO—Resumed

The CHAIRMAN. Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Chairman, in connection with the two matters of Mr. Goldstein, on both of these cases Mr. Goldstein was convicted. As I understand it, one of them is extortion. The official title is extortion. Is that correct?

Mr. DIRENZO. Attempted extortion.

Mr. KENNEDY. And the other is a bribery of a union official?

Mr. DIRENZO. That is correct.

Mr. KENNEDY. Could we straighten it out in the record? He is now serving a year in prison; is that correct?

Mr. DIRENZO. That is correct.

Mr. KENNEDY. In connection with the bribery of the union official?

Mr. DIRENZO. That is correct.

Mr. KENNEDY. And he has received a suspended sentence on the other?

Mr. DIRENZO. That was a case that was tried for 8 weeks, and the jury was out for 3 days. On three occasions the jury came in and said they could not agree on a verdict.

Mr. KENNEDY. Did they agree on the third day?

Mr. DIRENZO. On the third day they did.

Mr. KENNEDY. He was convicted of attempted extortion?

Mr. DIRENZO. He took the plea after the conviction.

Mr. KENNEDY. He pled guilty to that?

Mr. DIRENZO. That is correct.

Mr. KENNEDY. And he is on suspended sentence for that?

Mr. DIRENZO. That is correct.

Senator KENNEDY. Are you representing the union or this person, personally?

Mr. DIRENZO. I think I can say I honestly represent both.

Senator KENNEDY. Have you been counsel for the union?

Mr. DIRENZO. Not directly that way. But I think the record will clearly indicate in the summation which took approximately 3 hours, it would indicate the advantages that would come to the union as a result of the activities of Sam Goldstein.

Senator KENNEDY. May I ask you whether you are the attorney for the union with which he is connected?

Mr. DIRENZO. That is a difficult question to answer. I think you could say yes and you could say no. I represented Sam Goldstein individually. But the beneficiary of any advantages that would be derived from his services, I think, went to the union.

Senator KENNEDY. Maybe that would lead into the next question of who was compensated.

Mr. DIRENZO. I received my compensation from the union, I think as the beneficiary of any services rendered by Mr. Goldstein.

Senator KENNEDY. Let me ask you whether the services you are now rendering Mr. Goldstein, are you being compensated by Mr. Goldstein?

Mr. DIRENZO. Through the union, and I still say they inure to the benefit of the union.

Senator KENNEDY. Is it your opinion that his presence here is to the benefit of the union?

Mr. DIRENZO. I think any services he rendered inure to the benefit of the union.

Senator KENNEDY. Let me ask you if your presence in his testimony he is giving today, if it is your opinion that this is to the benefit of the union members and that they should pay your fee?

Mr. DIRENZO. I think the union enjoyed his services and, as such, he is entitled to the benefits of the union.

Senator KENNEDY. Is that another way of saying that you are being paid by the union for your work here?

Mr. DIRENZO. The fact of the matter is I have not been paid for this appearance.

Senator KENNEDY. Who will you bill?

Mr. DIRENZO. Sam Goldstein, and if I get the check from the union, I will accept it, without apologies to anyone.

Senator KENNEDY. I am just asking what the facts are.

Have they been paying you in the past?

Mr. DIRENZO. They have.

Senator KENNEDY. Have you represented him in the past in any litigation?

Mr. DIRENZO. I have. I represented him in an 8-week trial and all preparation before and subsequent to it.

Senator KENNEDY. And the union paid for that?

Mr. DIRENZO. I received checks from the union.

Senator KENNEDY. Tell me, if you will, how members of the union benefited from the actions Mr. Goldstein took which resulted in his being indicted.

Mr. DIRENZO. In this particular case, the union membership would have had an additional 200 or 300 members if that deal would have been accomplished.

Senator KENNEDY. I don't want to take too much time, Mr. Chairman, but I would like to know what the deal was.

Mr. DIRENZO. He tried to get these members into his union.

Senator KENNEDY. By doing what?

Mr. DIRENZO. By rendering a service to a man who was having a labor problem, a very sincere problem. The man said he had never enjoyed a day's peace because he was at the hands of a Communist union that were milking him and bothering him and he couldn't get a day's work from a man.

All he ever wanted, he said, was a day's work, nothing more, nothing less, and he said he didn't enjoy peace until after these men interceded and the other union recognized that they might lose the contract and another union might get it.

Senator KENNEDY. In other words, then, in return for a compensation, he became the bargaining agent for these people?

Mr. DIRENZO. He did not. That was the thing they were negotiating for at that time.

Senator KENNEDY. How much money did he get from the employer to give him peace?

Mr. DIRENZO. He got no money from him. Max Chester received the sum of \$10,000. That is in the record. We never denied it.

Senator KENNEDY. He got no money?

Mr. DIRENZO. He didn't get 5 cents of it.

Senator KENNEDY. What did he plead guilty about?

Mr. DIRENZO. He didn't plead guilty. The jury found him guilty after being not able to agree for 3 days.

Senator KENNEDY. What did they find him guilty of after 3 days?

Mr. DIRENZO. Bribery of a union official, and the others were alleged to be in the transaction.

Senator KENNEDY. They were paid but he was not?

Mr. DIRENZO. Max Chester was paid.

Senator KENNEDY. He didn't give any to Sam Goldstein?

Mr. DIRENZO. Apparently not. There is no proof that they did.

Senator KENNEDY. What did the jury think?

Mr. DIRENZO. They couldn't agree for 3 days. They did agree after the third day.

Senator KENNEDY. The point I want to make, and I do not want to interfere at all with your right to protect Mr. Goldstein, he has obvious rights to counsel, but I am not sure you are as sensitive on the question of the ethical problem involved here as you might be.

It seems to me that Mr. Goldstein has been convicted of engaging in an extortion or attempted extortion. He was brought before this committee. You represented him for 8 weeks. Who did you charge? Not him or Mr. Chester who was the beneficiary of the payoff, but you charged the union members.

Mr. DIRENZO. I charged Sam Goldstein and I got a check from the union and I accepted it.

Senator KENNEDY. I have been hopeful, I was waiting in vain for 2½ years, to see the bar associations of the States give guidance to attorneys such as you to make it clear where there is a conflict of in-

terest. It does not seem to me, knowing the limited amount that I know about it, that the members of his union have benefited from the services that you have rendered to Mr. Goldstein because Mr. Goldstein has not been working in their interests in these matters, but in his own interest, and in breach of the law. It seems to me Mr. Goldstein is entitled to your services, but I do not think you should accept compensation from the union.

Mr. DIRENZO. Except that I think that where the problem, as I understand it now, had been presented to the membership and they ratified the conduct of their officers and the membership and they approved the payment of it. They must recognize that certain benefits inure to them.

Senator KENNEDY. Was that the executive board?

Mr. DIRENZO. I don't know specifically. The first I heard about it was the resolution that was introduced here today.

Senator KENNEDY. Wait a minute. You said the union members approved it. When?

Mr. DIRENZO. I take that from the resolution I heard today.

Senator KENNEDY. Did you say the executive board?

Mr. DIRENZO. It was the executive board at the following union meeting. That is what I understood today.

Senator KENNEDY. I would say we have had many, many cases such as this, and I think it is most unfortunate that the bar associations of the various States have not seen fit to give some guidance to attorneys such as you who represent a man who has been convicted of crimes which involve, in my opinion, selling out the interest of their members, and yet who are charged legal fees which are quite considerable.

Mr. DIRENZO. Frankly, I don't know. I understand there have been instances where lawyers, representing a man in the situation that I represented him, have accepted the check from the client himself, knowing full well that he had received the check from the union.

They use a circuitous method. To me that is not honest. I think if you are going to do it that way, do it up and aboveboard as a God-fearing man. I have no complaints about it. I take it.

Senator KENNEDY. Thank you.

Mr. KENNEDY. Do you want the case? On June 8, Goldstein, along with John Dioguardi and Max Chester, were indicted for conspiracy to extort and bribery, to extort \$30,000 from Leonard Kornblum, one of the partners in the Kings Electroplating Co., Brooklyn, N.Y., and the Kings Automatic Plate Co., Queens, N.Y.

They were attempting to get local 475 of the United Electrical Workers off their back. They made arrangements through Chester, Goldstein, and Dio to avoid labor trouble. That is the one he ultimately plead guilty on.

Is that correct?

Mr. DIRENZO. That is correct, sir.

Mr. KENNEDY. Then with respect to the March 5, 1957 indictment, Goldstein was charged with obtaining \$1,000 from the Pase Motors, Inc., Queens Boulevard, Elmhurst, Queens, N.Y., after threatening there would be labor trouble unless the payment was made.

The stated amount was collected from Pase in December 1954 and again in 1956. Goldstein was also charged with extorting \$2,000 from

Regency Plastics, Inc., Borough Place, Woodside, Queens, N.Y., and also an effort to extort \$5,000 from the operators of the Sterling Arts, Ltd., 395 Fifth Avenue, New York, a linen shop, through a threat of physical violence and labor trouble.

Those are the amounts that amounted to approximately \$65,000 of union funds used for the attorneys for the charges against Mr. Goldstein in connection with these cases, as well as Mr. Tony Ducks Corallo, who is a notorious narcotics pusher in New York City, who was secretary-treasurer of the union.

Senator KENNEDY. I express the hope that when this committee comes to a conclusion after 2½ years, that the bar associations of New York and other States will take some action in order to make clear what the responsibility of the attorney is in these matters.

Mr. KENNEDY. I would like to call Mr. Tierney again, Mr. Chairman.

The CHAIRMAN. Come forward, Mr. Tierney.

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. KENNEDY. Mr. Tierney, Mr. Tony Ducks Corallo allegedly resigned from the union in September of 1958?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. It was approximately a year after our hearings, in connection with his operation?

Mr. TIERNEY. That is right.

Mr. KENNEDY. He was receiving \$400 a week from the union?

Mr. TIERNEY. That is right; that was his salary.

Mr. KENNEDY. Immediately following his resignation, did two individuals replace him?

Mr. TIERNEY. They did.

Mr. KENNEDY. And they each received \$200 a week; is that correct?

Mr. TIERNEY. That is right; \$200 a week—\$175 salary plus \$25 expenses.

Mr. KENNEDY. What were their names?

Mr. TIERNEY. Their names were Anthony Castaldi and John Spada.

Mr. KENNEDY. Mr. Goldstein, would you relate to the committee how they happened to be hired to replace Mr. Tony Ducks Corallo?

Mr. GOLDSTEIN. Counselor Kennedy, I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Mr. Tierney, how long did they remain on the payroll?

Mr. TIERNEY. John Spada continues on the payroll. He is on the payroll now. As far as Castaldi is concerned, he worked on the payroll until January 16, 1959, the week ending January 16, 1959. But he was immediately replaced by one Joseph D'Auria, who went on the payroll at precisely the same salary and expenses.

Mr. KENNEDY. Mr. Chairman, we have Mr. D'Auria present and also Mr. Sapde. I would like to call them if Mr. Goldstein can step back.

The CHAIRMAN. You may stand aside for the present, Mr. Goldstein. You will probably be recalled.

Call the other two witnesses.

Mr. KENNEDY. Mr. D'Auria and Mr. Spada.

The CHAIRMAN. Be sworn.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so you God?

Mr. D'AURIA. I do.

Mr. SPADA. I do.

**TESTIMONY OF JOSEPH D'AURIA AND JOHN SPADA, ACCOMPANIED
BY COUNSEL, MICHAEL P. DIRENZO**

The CHAIRMAN. Beginning on my left, will you please identify yourself, giving your name, your place of residence, and your business or occupation, please, sir.

Mr. D'AURIA. Joseph D'Auria, 19-44 81st Street, Jackson Heights, N.Y.

The CHAIRMAN. Do you have any business or occupation?

Mr. D'AURIA. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. I meant did you have one that you could talk about without self-incrimination.

Mr. D'AURIA. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Let us try the other one.

Mr. SPADA. John Spada.

The CHAIRMAN. What is your address?

Mr. SPADA. 205 East 176th Street, the Bronx.

The CHAIRMAN. Do you have any business or occupation?

Mr. SPADA. I respectfully decline to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. Do you mean by that that you feel that you honestly can't state what kind of business you have without possible self-incrimination?

Mr. SPADA. Yes.

The CHAIRMAN. Do you have counsel?

Let the record show the same counsel appeals for these witnesses as appeared for the previous witness, Mr. Goldstein.

All right, Mr. Kennedy.

Mr. KENNEDY. Could you tell us how you happened to be hired by local 239, Mr. Spada?

Mr. SPADA. I respectfully decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Could you tell us, Mr. D'Auria?

Mr. D'AURIA. I respectfully decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Tierney, isn't it correct that the records and the checks of local 239, the payment checks to these gentlemen, show that they were immediately cashed, these checks?

Mr. TIERNEY. That is right; it shows that they were cashed; correct.

Mr. KENNEDY. Could you tell the committee whether you turned that money over to Anthony "Tony Ducks" Corallo?

Mr. SPADA. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Could you tell us that?

Mr. D'AURIA. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that this is just a subterfuge, that you people do no work for the union, no work for local 239, and immediately after receiving these checks, which total \$400 a week, that that money is turned over to Tony Ducks Corallo? Isn't that correct, Mr. D'Auria?

Mr. D'AURIA. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Spada, isn't that correct?

Mr. SPADA. I respectfully decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Mr. Tierney, what is the background of Mr. Castaldi, who was one of the first of the replacements?

Mr. TIERNEY. Anthony Castaldi has an alias Tony Higgins. He has an arrest record including five arrests for assault, robbery, extortion, and violation of the Federal narcotics law. He was convicted on two occasions and sentenced to from 3½ to 7 years for gambling and \$500 for gambling. Those comprise the convictions.

He is on the national list of the Bureau of Narcotics.

The CHAIRMAN. Which one of these?

Mr. KENNEDY. Mr. Castaldi and Mr. Spada came on originally?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. They were to replace Anthony "Tony Ducks" Corallo the following week they came on.

Then Mr. Castaldi resigned or disappeared in January 1959—we can't find him—and then Mr. D'Auria came and replaced Mr. Castaldi. We are now putting in Mr. Castaldi's record. He was one of those who replaced Mr. Tony Ducks Corallo.

The CHAIRMAN. All right.

Mr. TIERNEY. He is described as one of the top Mafia leaders and narcotics traffickers in the United States, a wholesaler of heroin in local and interstate traffic.

Mr. KENNEDY. And he has associates throughout the United States, is that correct, in narcotics?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. We, of course, have identified clearly, Mr. Chairman, that Tony Ducks Corallo was an important figure in narcotics during our hearings in 1957.

Did the other gentleman, Mr. D'Auria, and did Mr. Spada, have a record?

Mr. TIERNEY. Mr. Spada has a record consisting of two arrests, convicted on one, a violation of the ABC laws and fined \$150.

Mr. KENNEDY. Would you give us any information as to how you received your employment, Mr. Spada?

Mr. SPADA. I respectfully decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Mr. D'Auria?

Mr. D'AURIA. I respectfully decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything decent about your relationship with this union that you can talk about?

Mr. SPADA. I respectfully decline to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. I wouldn't want you to be denied the opportunity. I want you to understand you have the opportunity to make any statement that you care to about it.

I assume then you can't.

Mr. KENNEDY. We can't find, Mr. Chairman, anywhere, that either of these three gentlemen, Mr. Castaldi or these two gentlemen, ever had any experience in this field as union organizers prior to the time that they came with this union.

We have further found upon investigation that Mr. Tony Ducks Corallo still controls this union, he still controls Local 522 of the Teamsters, and local 875, three locals that he was identified as controlling in 1957; that according to the information we have, Mr. Tony Ducks Corallo still controls those three locals as well as this local, local 239.

His resigning from the union in September of 1958 was merely a fraud and a subterfuge.

Mr. TIERNEY. Mr. Spada was listed as a local in 275, one of the original paper locals.

Mr. KENNEDY. That was a paper local set up by Tony Ducks Corallo?

Mr. TIERNEY. Yes.

Senator KENNEDY. Mr. D'Auria, do you get a check every week for \$173?

Is that correct, or do they get expenses?

Mr. TIERNEY. Actually, this is with deductions, Senator. They get \$175 total gross salary, plus \$25 expenses.

Senator KENNEDY. \$200 a week?

Mr. TIERNEY. \$200 a week.

Senator KENNEDY. These checks are endorsed almost the next day in every case?

Mr. TIERNEY. That is right.

Senator KENNEDY. Do they have a bank account?

Mr. TIERNEY. Not that we know about.

Senator KENNEDY. Do you have a bank account any place?

Mr. D'AURIA. I respectfully decline to answer the question on the grounds it might tend to incriminate me.

Senator KENNEDY. In other words, you don't find any cash in their possession? At least, there is no evidence that you have of it?

Mr. TIERNEY. None, sir.

Senator KENNEDY. Do they have any other income that you know of?

Mr. TIERNEY. Not that I know of.

Senator KENNEDY. Do they drive a truck?

Mr. TIERNEY. We don't know.

Senator KENNEDY. Do you drive trucks?

Mr. D'AURIA. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

Senator KENNEDY. How about you?

Mr. SPADA. I respectfully decline to answer on the grounds that it may tend to incriminate me.

Senator KENNEDY. You wouldn't give us any information on what your services may be for which you are being compensated \$200 each week?

Mr. D'AURIA. I refuse to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. I might say, Mr. Chairman, we have gone up there and tried to get some information in connection with the operation of running the union and we can't get any answers from anybody in the local.

Senator KENNEDY. The checks are signed by Mr. Bernard Stein, secretary-treasurer, and Eugene Ciner as business representative.

Will they give you any information as to what the services are that are being rendered?

Mr. TIERNEY. No; we tried to get the information from Mr. Stein, but he wouldn't furnish any information at all.

Senator KENNEDY. What does he say?

Mr. TIERNEY. He refuses to talk.

The CHAIRMAN. Mr. Tierney, do you identify these as original checks that you were able to find in the course of investigating the records of this local?

Mr. TIERNEY. I do.

The CHAIRMAN. The checks, in bulk, may be made exhibit No. 6 for reference.

(Checks referred to were marked "Exhibit No. 6" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Hendricks, Mr. Chairman.

Mr. DIRENZO. Are you finished with Mr. Goldstein?

Mr. KENNEDY. Yes.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HENDRICKS. I do.

TESTIMONY OF HERMAN HENDRICKS, ACCOMPANIED BY COUNSEL, BERNARD J. MELLMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HENDRICKS. My name is Herman Hendricks. I live at 3952 Sullivan Street, St. Louis, Mo.

The CHAIRMAN. Have you any business or occupation, legitimate or otherwise?

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment of the U.S. Constitution not to be a witness against myself.

The CHAIRMAN. You have counsel here to represent you, do you?

Mr. HENDRICKS. I have.

The CHAIRMAN. Counsel, will you identify yourself for the record, please?

Mr. MELLMAN. Bernard J. Mellman, St. Louis, Mo.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Hendricks appeared before the committee in September 1958. He was identified at that time and remains, as we understand it, still a business agent of local 688.

The CHAIRMAN. Are you a business agent of local 688?

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment of the U.S. Constitution not to be a witness against myself.

Mr. KENNEDY. He has a criminal background. He has been arrested a number of different times. He has a conviction, a narcotics conviction, for the possession of 114 marihuana cigarettes and 8 ounces of bulk marihuana. He was sentenced to 2 years in the Federal penitentiary at Terre Haute, Ind. Even though he has that conviction, as well as a number of others, Mr. Hoffa describes Mr. Hendricks' conviction on page 15018 as a "picket line scuffle."

He was identified before the committee in September 1958 as participating in the beating of some of the cabdrivers when the union was attempting to organize them some years ago.

He remains as a union official even with this background.

Isn't that correct, Mr. Hendricks?

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment of the U.S. Constitution not to be a witness against myself.

Mr. KENNEDY. He is still a business agent. The facts in connection with his background were brought out before the committee in September of 1958, and he still remains a union official, even though Mr. Hoffa stated also on page 15025:

Mr. HOFFA. I don't know anything about narcotics pushers.

Senator IVES. They have been in the union anyway.

Mr. HOFFA. They have not been in my union.

Mr. Hendricks has a conviction for that.

Senator KENNEDY. Didn't Mr. Harold Gibbons, when he appeared, say:

As I pointed out earlier, there is a committee set up to investigate anyone in the 688 setup who takes the fifth. That committee will have the task of investigating the question of his conviction for narcotics, and will take appropriate action.

Is there any evidence that Mr. Gibbons took any action?

Mr. KENNEDY. No, and this gentleman is in Mr. Gibbons' own local.

Senator KENNEDY. You have been interrogated by this committee, the committee to which Mr. Gibbons made reference?

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment of the U.S. Constitution not to be a witness against myself.

Mr. KENNEDY. This, once again, Mr. Chairman, is in the Central Conference of Teamsters.

That is all.

The CHAIRMAN. Have you anything else to say for yourself?

(The witness conferred with his counsel.)

Mr. HENDRICKS. I decline to answer—

The CHAIRMAN. I don't care whether you answer or not. I am giving you the opportunity. If you have anything you want to say

for yourself, you have heard the statements made about you, do you want to deny any of them? I don't care whether you do or not.

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment.

The CHAIRMAN. I don't care whether you answer. You can stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Henry DeRoma.

The CHAIRMAN. Mr. DeRoma.

Mr. KENNEDY. I will call a different witness, Mr. Chairman.

Mr. Wainwright.

The CHAIRMAN. Come forward.

Be sworn. You do solemnly swear the evidence you shall give before this select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WAINWRIGHT. I do.

TESTIMONY OF BRANCH WAINWRIGHT, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. WAINWRIGHT. My name is Branch Wainwright, route 1, Buffalo, Mo.

The CHAIRMAN. Do you make a living?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have any employment or business?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you think it might incriminate you to admit that you make a living?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy.

Let the record show that Mr. Alder appears as counsel for the witness.

Mr. KENNEDY. This witness, Mr. Chairman, and what he has represented, has been a matter of considerable concern to the committee. He is an assistant business agent of local 245 in Springfield, Mo., and runs that local. He has a background which includes a 1-year probation for burglary in 1934. He has been fined on a conviction for burglary and larceny in 1948. He received a 2-year sentence in 1950 for felonious assault with intent to rob. He was released from the State penitentiary, in Jefferson City, Mo., on December 1, 1951, and within a very short time went to work for the Missouri-Kansas Conference of Teamsters, headed by Harold Gibbons.

Is that correct? That is what we established, is it not, Mr. Wainwright?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we had the testimony in connection with local 245. It was placed in trusteeship in 1950, and the local

secretary-treasurer, Barrett, was removed for the mishandling of union funds.

Following Barrett's dismissal, a man by the name of Nickels was placed in charge of the local and ultimately he was elected by the local membership to run the union. The union was run by him until 1954. It was run so that the surplus in the treasury built up, while under Mr. Barrett's regime the local was going bankrupt. Under Mr. Nickels' regime, who had been elected by the local membership, the treasury increased. However, Mr. Nickels became unpopular with Gibbons, so the local was placed in trusteeship. Mr. Hoffa and Mr. Gibbons took the same Mr. Barrett who had been removed from office for the misuse of union funds and put him in to run the union. They also brought in Mr. Branch Wainwright, who had shortly before come out of the penitentiary. They brought him in to help Mr. Barrett run the union. This was 1954.

In 1956, before a House committee, Mr. Ray L. Smith, owner of Ray L. Smith & Son, made a statement that he had to pay \$650.80 for the period September 7 to September 28, 1952, as an extortion payment to Mr. Branch Wainwright. So Mr. Branch Wainwright has the background of these convictions, and then there was testimony before the House committee by an employer that he had to pay him money.

Then he was put in charge of this local with Mr. Barrett.

The CHAIRMAN. Who gave the testimony about having to pay?

Mr. KENNEDY. Mr. Ray L. Smith.

The CHAIRMAN. Do you want to deny the testimony that Mr. Ray L. Smith gave against you as to your extorting money from him? Do you want to deny it?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I accept your invoking the fifth amendment as a negative statement that you do not want to deny, because if you want to, you are given the opportunity.

Mr. KENNEDY. He stated at that time, Mr. Chairman, that Wainwright would perform no work for the company and was hired solely to avoid labor difficulties. So we have that as the background. Then Nickels, who had been in charge of the local, who had been elected by the membership, was forced to leave town because of the pressure that was placed on employers by this local, by Mr. Wainwright, there were no employers that would hire him so he was gradually starving to death and had to leave town.

Another man, Mr. Rogers, who was in opposition to Mr. Wainwright, had only 4 weeks work in 1958, when he testified on September 9, 1958. In May of 1958 there were going to be elections in the local, and following the nominations, and during the nominations, Mr. Wainwright and Mr. Barrett refused to give the membership those who were eligible to run for office. But after the nominations Mr. Wainwright and Mr. Barrett ruled everybody ineligible to run for office except 53 members out of a 1,200 member local, and they were supported in that by Mr. Hoffa and Mr. Harold Gibbons.

In addition, when Mr. Wainwright came in, Mr. Chairman, they had a janitor who had been a former teamster member, who had driven a truck, who had become disabled. He was being the janitor in the local

headquarters. Mr. Wainwright had him removed and placed as the new janitor a man that had spent the previous 20 years in the penitentiary in Leavenworth.

The CHAIRMAN. Was that a buddy of yours, and you were kind of returning the favor of some kind?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. So we have, Mr. Chairman, the three serious convictions, a number of arrests, the fact that we have the testimony before the House committee that an employer had to pay him money in order to avoid labor difficulty, we have him put in charge of a local, all the opposition, or the vast majority of opposition to him being made ineligible by a ruling of the international president, Mr. Hoffa, and supported by Mr. Harold Gibbons, and we have the fact that he replaced the janitor who had been working there for a number of years with a man who had spent the previous 20 years in the penitentiary. Despite this fact, and despite the evidence that we have had before the committee, this man still holds his position.

The CHAIRMAN. How long was Mr. Wainwright out of prison before he was put in charge of this union?

Mr. KENNEDY. Immediately after getting out of prison he went to work for the Missouri-Kansas Conference of Teamsters. That was 1952, probably. He got out of the penitentiary on December 5, 1951. He went to work for them in 1952.

This local was placed in trusteeship in 1954 because of the opposition to Mr. Gibbons, and Mr. Branch Wainwright and Mr. Barrett then came in to run the union.

The CHAIRMAN. At least within 2 years after he got out of the penitentiary he was placed in charge of running a union by the imposing of a trusteeship on that union.

Mr. KENNEDY. And immediately after getting out of the penitentiary he is put on the payroll of the Teamsters.

The CHAIRMAN. I understand a fellow might be put on the payroll. I think he has a right to work. I am not complaining about that. I see nothing wrong with giving a man a job that gets out of prison. I think maybe that should be done.

Mr. KENNEDY. But he was an organizer.

The CHAIRMAN. That is a little different. It depends on the kind of work.

Mr. KENNEDY. He was placed on the payroll as an organizer for the Missouri-Kansas conference.

The CHAIRMAN. It emphasizes again what we are seeking to do, and what I think the Congress should do, to legislate in this field to protect honest people against the imposition of unreformed criminals and ex-convicts. I don't think they should be subjected, the decent people of America to the rule and domination of that type of character.

Proceed, Mr. Kennedy.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator KENNEDY. I will ask what this gentleman's connection is with Mr. Gibbons and Mr. Hoffa.

Mr. KENNEDY. As I explained, he came to work first for the Missouri-Kansas Conference of Teamsters, of which Mr. Gibbons was

president. Then he was placed in this union by Mr. Gibbons and Mr. Hoffa to run it under a trusteeship.

Senator KENNEDY. Is he still in that union?

Mr. KENNEDY. Yes.

Senator KENNEDY. He is trustee?

Mr. KENNEDY. No.

Mr. Gibbons, I believe, is trustee, but the trustees placed someone in to run the union for them. And Mr. Gibbons placed this man and Mr. Barrett to run the union.

The CHAIRMAN. In other words, his actions are subject to the direction of Mr. Gibbons. Is that correct?

Mr. KENNEDY. Yes.

Senator KENNEDY. When Mr. Gibbons came before this committee, was he asked about Mr. Wainwright's services, and, if so, what did he say?

Mr. KENNEDY. He said that he was unaware of all the convictions of Branch Wainwright. He knew he had been convicted. He did not know when, and he didn't know that he had been convicted on three different occasions. He said he would look into it.

Senator KENNEDY. Did he know he had been paid by employers?

Mr. KENNEDY. That was in the record of 1953. Just prior to the time he was placed in charge of this local.

Senator KENNEDY. Are you being paid by any employer now?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator KENNEDY. In other words, Gibbons, Mr. Hoffa's most intimate associate, has taken no action on this matter. Has he ever investigated it?

Mr. KENNEDY. I don't know. You might ask him.

Senator KENNEDY. Have you had a conversation since Mr. Gibbons came before this committee and stated he was going to look into the matter. Did he ever have a conversation with you about your record?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. I would like to ask Counsel if he knows if any action has been taken by Mr. Hoffa against any of the people who have come before us, who have taken the fifth amendment, since he came before the committee the last time and stated he was going to do something about investigating these matters.

Mr. KENNEDY. We don't know of any action he has taken in connection with any of these cases.

I might say in connection with local 245, the monitors attempted to send in Price-Waterhouse to make an audit of their books and the officers refused to allow them to come in to review the books.

Senator KENNEDY. In other words, there is no evidence before this committee that Mr. Hoffa has taken action against any of these business agents, representatives, and others, some of whom have been convicted for taking employer payoffs, some of whom have been convicted of selling out the interest of their members in return for sweetheart contract operations, others who have been convicted of narcotics, most of whom took the fifth amendment, and all this morning, there is no evidence that Mr. Hoffa moved against any of these people?

Mr. KENNEDY. That is right. They have all appeared before this committee in connection with betrayal of the union membership in one of the methods you described. They have been involved in either taking money from the union or making sweetheart contracts and collusive deals with employers. It is not just a question of their criminal record. It is a question that once they got control of the union, they betrayed the members, and still nothing has been done.

The CHAIRMAN. All right.

Call the next witness.

Mr. KENNEDY. Mr. DeRoma.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DeROMA. I do.

**TESTIMONY OF HENRY DeROMA, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DeROMA. Henry DeRoma, 25 Highland Avenue, Yonkers, N.Y.

The CHAIRMAN. I did not understand your full answer.

Mr. DeROMA. Henry DeRoma, 25 Highland Avenue, Yonkers, N.Y.

The CHAIRMAN. You did not give your occupation or business?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What you mean is you decline to answer that part of the question. I asked you the question if you gave it. You did not; is that correct?

Mr. DeROMA. That is right.

The CHAIRMAN. All right. Let the record show Mr. Alder appears as counsel for the witness.

Proceed.

Mr. KENNEDY. Mr. Chairman, Mr. DeRoma has not appeared before the committee previously, but we have had considerable discussion regarding his local, local 805 in New York, of which he is a trustee.

Is that right, Mr. DeRoma?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is a local that is run by Mr. Abe Gordon. Mr. Abe Gordon is a close associate and friend of Mr. Hoffa's. We have had some testimony, although we are going to go into the matter in greater detail, some testimony in connection with the misuse of pension and welfare funds of the local.

Could you tell us anything about that, Mr. DeRoma?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Who is actually the trustee? Mr. Gordon or Mr. DeRoma?

Mr. KENNEDY. This local is not under trusteeship but in the Teamsters there are three trustees as well as four other officers. He is one of the three trustees of this local.

The CHAIRMAN. I misunderstood. The local is not in trusteeship, but he is one of the trustees, officers, of the local?

Mr. KENNEDY. That is correct.

Mr. DeRoma's background includes a conviction for murder, some four arrests for narcotics and a conviction for narcotics.

Is that correct, Mr. DeRoma?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Can you say whether you have reformed or not without possible self-incrimination?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. He is one of the seven officers of the local, Mr. Chairman. He served penitentiary sentences for murder and for the selling of heroin. He was born in Italy.

Is that correct? In 1898?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us, Mr. DeRoma, how you came to be a trustee of the International Brotherhood of Teamsters with that background?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. As a trustee, he supervises—is that correct, Mr. DeRoma, you are to supervise the use of union funds?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us what salary you receive?

Mr. DeROMA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything you want to say about your relationship with the union?

Mr. DeROMA. I respectfully decline to answer because I honestly believe—

The CHAIRMAN. You can say no.

Mr. DeROMA. I believe my answer might tend to incriminate me.

The CHAIRMAN. It would be a whole lot shorter to say no, you do not want to talk about it.

All right, stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Dave Frechette.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FRECHETTE. I do.

TESTIMONY OF DAVE R. FRECHETTE, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. FRECHETTE. My name is Dave Frechette. I live at 1835 Northwest 185th Terrace, Miami 69, Fla.

The CHAIRMAN. Do you have any business or occupation that you can state for the record?

Mr. FRECHETTE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show Mr. Alder appears as counsel for the witness.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Frechette appeared before the committee, Mr. Chairman, some months ago. He is secretary-treasurer and business representative of local 290 in Miami, Fla., of the Teamsters Union.

Is that right, Mr. Frechette?

Mr. FRECHETTE. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, he is the one that wrote the letter to Mr. Hoffa in connection with their organizing drive down in Miami, Fla.

Could I read excerpts from that letter? We have already put it into the record.

The CHAIRMAN. To refresh the memory of the witness and of members of the committee, counsel may read the letter.

Mr. KENNEDY (reading):

As I've outlined above, we're in a fight to the finish on this one since it can make or break us in this part of the South and we intend to use every tactic at our disposal. Bernie Rubin, the head of the three laborers locals here, has a gimmick he has used successfully in the past when he gets into a knockdown dragout battle with a contractor where FHA or VA financing is involved. He employs the segregationist feeling here concerning the Negro and makes it backfire into their laps. On a Sunday when the developer has his model homes on display to the public and when he makes his sales, he floods the models with a few hundred colored laborers and their families, who parade through the models and many express an interest in purchasing a home in the project with a few actually making application. In the light of this segregation thing here, this ruins the sales for the day. Then he delivers a crowning blow by having one family show up with a certified check for the full purchase price, with Rubin's attorney in tow, and the colored man asks to buy a house. Of course the man signs the necessary legal papers so that the money is not actually his, but belongs to the local.

If the sales agent refuses to sell him a house or hedges around about it, a formal complaint is immediately registered with the FHA and VA, who, as you know, whenever any Federal money or guarantees are involved can brook no discrimination. This usually ends it, as the builder gets shook up about having his mortgage financing fouled up.

Rubin says this should be our ace in the hole on this Heftler situation, as he's selling his houses twice as fast as he can build them because he has a terrific financing deal out of the FHA under title 216 which provides up to a 40-year mortgage and allows a family to get into the house with \$400 down total. This title 216 is some kind of cooperative mortgaging arrangement. If it's fouled up, or he thinks it's going to be fouled up, he's dead. Rubin's willing to supply the necessary people for this deal, but he thinks the money should be put up by the Teamsters for this go-round, since it is a joint venture. It will take \$15,000 to buy one of these homes. Actually, there never will be a purchase made and the money is never out of the control of the local. But, as you well know, my local doesn't have the money to even put up in the form of a certified check. If you can see your way clear to having it put up, I think we can be assured of a winner down here. I wouldn't want to handle the money myself, but would suggest that Ben Cohen, the attorney here, handle it as your personal representative.

The CHAIRMAN. Has this witness been interrogated about the letter?

Mr. KENNEDY. He has, Mr. Chairman. This was a letter sent back

on March 18, 1958, to Mr. Hoffa. As you know, subsequently there was \$10,000 sent to Ben Cohen, and subsequently another \$5,000, to the attorney, Mr. Cohen, which, at that time it was stated was for other work that Mr. Cohen was doing during that period of time for the Teamsters Union.

The CHAIRMAN. Does the letter refresh your memory? Do you recall the incident now?

Mr. FRECHETTE. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. I thought it might refresh your memory.

Go ahead.

Mr. KENNEDY. Has the Teamsters Union taken any steps against you or to deal with you disciplinarily in connection with writing this letter and suggesting such a proposition, making such a proposition?

Mr. FRECHETTE. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. W. A. Smith.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMITH. I do.

TESTIMONY OF W. A. SMITH, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SMITH. My name is William A. Smith. I live at 420 Wanda Drive, Nashville, Tenn. I am an assistant business agent for Local Union 327, Nashville, Tenn.

The CHAIRMAN. Thank you very much.

Let the record show Mr. Alder appears as counsel.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. W. A. Smith, known as Hard-of-Hearing Smitty, appeared before the committee on December 10, 1957, during the hearings involving the Teamsters in Tennessee. He was identified as a leader of a mobile goon squad which operated in some four or five States, going around and dynamiting employers and shooting at employees. He operated out of local 327 in Nashville, Tenn.

Mr. Smith himself has a record of some 17 arrests and 14 convictions, actually 18 arrests. He has been convicted on 13 different occasions. He is now under sentence of 2 to 10 years for assault with intent to kill.

The CHAIRMAN. Has that last conviction been since the committee started its investigation?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Was it based on an incident that occurred which the committee investigated and about which we had testimony here?

Mr. KENNEDY. That is correct.

The CHAIRMAN. And his conviction was subsequent to the time the testimony was developed by this committee?

Mr. KENNEDY. That is correct.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Chairman, he was identified as performing dynamitings in at least five instances. He was identified before the committee as being connected with dynamitings in Nashville, Tenn., Jackson, Miss., and Knoxville, Tenn.

The sworn testimony also developed that he was involved in sabotaging trucks by siruping motors and slashing the tires of the trucks in Newport, Tenn., as well as other places. He was involved in some personal assaults against individuals. Then in connection with one of those individuals, who was beaten so badly by Mr. Smith and by other officials of the Teamsters Union that the man lost his mind, he was to be prosecuted; but Mr. Hoffa intervened with the employer, and the prosecution against Mr. Smith at that time never went forward.

Isn't it correct that you are still a union official, Mr. Smith?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is he still serving a sentence?

Mr. KENNEDY. He has been sentenced to 2 to 10 years in the latest conviction and he is now on appeal in the case.

The CHAIRMAN. In other words, since this last conviction he has been on appeal?

Mr. KENNEDY. That is correct.

The CHAIRMAN. And the execution of the sentence is being stayed pending the outcome of the appeal.

Mr. KENNEDY. That is correct.

Could you tell us if Mr. Hoffa or the Teamsters took any disciplinary action against you, Mr. Smith?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I call a witness in connection with this matter?

The CHAIRMAN. Yes.

Mr. KENNEDY. Mr. Duffy.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUFFY. I do.

TESTIMONY OF LaVERN J. DUFFY

The CHAIRMAN. Mr. Duffy, you are a member of the staff of this committee and have been since the time the committee was established, or shortly thereafter?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Duffy, have you examined the records to determine whether Mr. W. A. Smith is still a union official?

Mr. DUFFY. He is. I would like to make one other point. He appeared here as a witness on December 10, 1957. Four days later he went back to Nashville, Tenn., and was picked up at the Jungle

Club, and was charged with being drunk on the street, disorderly and offensive conduct, and resisting arrest.

He forfeited a \$200 bond in that case. That was 4 days after he appeared before this committee.

The CHAIRMAN. That was before this last conviction?

Mr. DUFFY. Two months later he was indicted and 2 months after that, in March 1958, he was convicted.

Mr. KENNEDY. For what offense?

Mr. DUFFY. He was convicted for conspiracy to assault with intent to kill.

Mr. KENNEDY. Was another official involved?

Mr. DUFFY. Mr. William Reynolds, former president of local 621, Knoxville.

Mr. KENNEDY. Was Mr. Reynolds a union official at the time?

Mr. DUFFY. He was.

Mr. KENNEDY. Was he a union official at the time the charge was made?

Mr. DUFFY. No.

Mr. KENNEDY. He had not been a union official for approximately a year?

Mr. DUFFY. That is correct.

Mr. KENNEDY. You say the union took no disciplinary action against Mr. W. A. Smith despite the testimony before the committee and his conviction?

Mr. DUFFY. I interviewed the president a few days ago and asked about Mr. Smith, and he said Mr. Smith had negotiated a number of favorable contracts for the local.

Mr. KENNEDY. What do we find as far as the records? Did the local expend any money on behalf of Smith?

Mr. DUFFY. Local 327 spent \$9,000 in his behalf, local 621 in Knoxville spent \$750. The Southern Conference of Teamsters spent \$6,000; for a total of \$15,750 expended.

Mr. KENNEDY. And Mr. Reynolds wasn't even a union official at the time he was indicted?

Mr. DUFFY. That is right.

The CHAIRMAN. What you have just given was spent for Mr. Reynolds?

Mr. DUFFY. And Mr. Smith; both.

The CHAIRMAN. For the two of them, for their defense?

Mr. DUFFY. Right.

The CHAIRMAN. That was in connection with the charges upon which Mr. Smith has been convicted and which is now on appeal?

Mr. DUFFY. It is now on appeal. The lawyers are still on retainer down there.

Mr. KENNEDY. What were the names of the attorneys who received this money? Do you have that?

Mr. DUFFY. I am not sure of that, Mr. Kennedy.

Mr. KENNEDY. But some \$15,000—

Mr. DUFFY. \$15,750.

Mr. KENNEDY. Of union funds were used to defend Mr. W. A. Smith and Mr. Reynolds, although as revealed before the committee, they had participated in these dynamitings, and Mr. Smith already had an arrest and conviction record of some—

Mr. DUFFY. Sixteen, at that time.

Mr. KENNEDY. And some 12 convictions at that time?

Mr. DUFFY. Yes.

Senator KENNEDY. Does Mr. Hoffa know Mr. Smith?

Mr. DUFFY. Yes; I think he does.

Senator KENNEDY. Isn't it a fact we have a picture of Mr. Hoffa and Mr. Smith?

Mr. DUFFY. Yes.

Senator KENNEDY. This was taken May 15, 1959, it says on the back of it, shortly after his arrival in Tennessee, taken by the Nashville Tennessean.

Shortly after his arrival, James Hoffa, right, president of Teamsters International, stands with his local 327 henchmen and parries questions from newsmen. Behind Hoffa is Sid Zagri, legislative representative for the international. The others are, from left, Bob Ozment, business agent; Don Vestal, Local 327 president; Frank Reed, business agent; Ralph "Red" Vaughn, business agent; and W. A. "Hard-of-Hearing" Smith, business agent.

Sid Zagri is the attorney for the Teamsters carrying on the fight in the House of Representatives against the passage of a reform bill.

That was 1 month ago, after the conviction.

The CHAIRMAN. I present to you the photograph that has been commented above here, and ask you to examine it and state if you identify it.

(The photograph was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you examined the photograph?

Mr. SMITH. Come again, will you?

The CHAIRMAN. I beg your pardon?

Mr. SMITH. Do you mind coming again with it?

The CHAIRMAN. Yes, I will come again. I say, have you examined the photograph?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might incriminate me.

The CHAIRMAN. I believe your attorney is suggesting that you answer it.

(The witness conferred with his counsel.)

Mr. SMITH. I beg your pardon. I misunderstood you. I did look at it.

The CHAIRMAN. All right.

Do you now identify the photograph? Do you recognize it?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. We will make it exhibit No. 7.

(Photograph referred to marked "Exhibit No. 7" for reference, and may be found in the files of the select committee.)

Senator KENNEDY. Mr. Smith, isn't it a fact that Mr. Hoffa, in discussing the information which had been brought out by the committee in its interrogation of you, that Mr. Hoffa said that they needed somebody who could kick those hillbillies in line, with reference to your work?

Mr. SMITH. Are you through?

Senator KENNEDY. Yes.

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you proficient at kicking them in line?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Duffy, do we find also that the union expended other funds in connection with the other individuals who appeared as witnesses, namely, Mr. Perry Canaday?

Mr. DUFFY. Yes.

Mr. KENNEDY. He was a witness before the committee?

Mr. DUFFY. He appeared on December 10, 1957. The first action in Nashville was in December—I should say January 1955. He was arrested for breaking barber shop windows. He was indicted on May 27, 1955. He was convicted on November 4, 1955, and got a 6-month sentence.

The Teamsters at that time spent \$1,500 for him in the defense, even though it was a barber shop incident and had nothing to do with the Teamsters.

Mr. KENNEDY. In fact, their argument was it didn't have anything to do with a labor dispute; is that correct?

Mr. DUFFY. Yes. On November 28, 1955, Canaday was arrested again and indicted with C. B. Richardson, convicted on February 19, 1957, and sentenced to 11 months 29 days. The union expended in behalf of these two individuals, and incidentally, they just got out of jail in the past 3 days, \$11,050 for the 11 months 29 days they were in prison.

Mr. KENNEDY. They paid money to their wives while they were in prison?

Mr. DUFFY. They paid moneys to their wives and families, \$300 a month to Mr. Canaday, \$200 a month to Mr. Richardson, and they each received a \$100 Christmas bonus.

I interviewed Mr. Vestal, the president of the local, and he stated to me that they are now going to pay their back salaries. As I say, within the past 2 days, Mr. Canaday received \$200 and Mr. Richardson received \$100.

Mr. KENNEDY. So how much does this total for these individuals that have been identified with this violence, identified before the committee?

Mr. DUFFY. I have another case on Mr. Canaday. Mr. Canaday was also indicted for assault on a fellow by the name of Keith Draper, who also appeared as a witness in 1957. We don't know the exact amount, but we do have at least \$640 that they expended in his behalf.

In the defense of that particular case, Mr. Canaday stated that this was not a labor dispute, but still the Teamsters came to his defense and paid his attorney bills.

The total amount of money expended in behalf of these individuals attached to local 621, local 327 in Tennessee, was \$28,940.

The CHAIRMAN. \$20,000?

Mr. DUFFY. \$28,940, and we might have to add an additional \$11,000 to that if the Teamsters in Nashville decide to give back salaries to them for the 11 months served in jail.

The CHAIRMAN. That amount has been expended on the defense of these two individuals and for the support of their families while in prison?

Mr. DUFFY. Yes.

The CHAIRMAN. Is that correct?

Mr. DUFFY. That is right.

The CHAIRMAN. And the back salary, if paid, will run some additional \$7,000?

Mr. DUFFY. Approximately \$11,000.

The CHAIRMAN. Some \$11,000 additionally?

Mr. DUFFY. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

If not, you may stand aside.

Call the next witness.

Mr. KENNEDY. John Filipoff.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FILIPOFF. I do.

TESTIMONY OF JOHN W. FILIPOFF, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. FILIPOFF. My name is John W. Filipoff. I live at 141 Coral View Street, Monterey Park, Calif.

The CHAIRMAN. Have you any business or occupation to speak of?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show Mr. Alder appears as counsel.

Senator KENNEDY. Mr. Chairman, could I ask the counsel whether he is today representing the International Brotherhood of Teamsters or whether he is representing these people each individually?

Mr. ALLDER. I am representing each one of them individually.

Senator KENNEDY. This isn't an improper question, but could I ask you how they all happened to hire the same counsel?

Mr. ALLDER. I wouldn't be able to answer that, Senator.

Senator KENNEDY. I think you could answer it. You must know how they all came from different parts of the country to secure the same attorney.

Mr. ALLDER. That is true. I could give you five or six reasons. I told Senator McClellan one time that over a year ago I objected to television. Fortunately for me, he denied that motion of mine and he allowed the whole hearing for 2 weeks to be televised into Chicago.

Newsreel men are here at every hearing that I appear at, and that has been televised throughout the country. I attribute it to that more than anything else.

Senator KENNEDY. Mr. Alder, are you stating as a member of the bar that it is your presumption that all of these men from different sections of the country secured your services as lawyer because they may have seen you on television?

Mr. ALLDER. No, sir. That is one reason.

Senator KENNEDY. Could you give me the real reason? There must be some common clearinghouse. I am just trying to find out the facts. There is nothing wrong with it, as far as I know.

Mr. ALLDER. I can assure you there is nothing wrong with it.

Senator KENNEDY. Perhaps you can tell me how they all happened to hire you. What are the other reasons?

Mr. ALLDER. The other reason is that many attorneys forward cases to me. I have been practicing law in the District of Columbia for 30 years. I have appeared before many committees both in the House and Senate, as attorney.

Senator KENNEDY. Did all of these attorneys forward the cases to you?

Mr. ALLDER. No, they may have talked to other Teamsters that recommended me. I don't know. I don't ask them.

Senator KENNEDY. What is the third reason?

Mr. ALLDER. It may have been any one of a number of reasons. It may have been previous people who testified here, who were known to them. They may have recommended me.

Senator KENNEDY. Are there any other reasons?

Mr. ALLDER. Not that occurs to me at the moment.

Senator KENNEDY. In other words, your three reasons are (1) TV; (2) the people who previously appeared here may have recommended you; and (3) that local lawyers all sent them to see you. Is that all the reasons?

Mr. ALLDER. No, there may be other reasons. Those are three that occur to me at the present time; yes, sir.

Senator KENNEDY. Could you give any other reasons?

Mr. ALLDER. I don't think any attorney who knows who recommends him directly about any particular matter.

Senator KENNEDY. We have about 15 or 20 witnesses, and I think one or two of them were represented by other attorneys. But you represented most of them. Isn't it a fact that someone here in Washington, on the Teamsters legal staff or the Teamsters organization itself, secured your services?

Mr. ALLDER. No, sir, that is not true. I might say this, Senator, I would say two-thirds of those appearing here today I have been with before in the period of the last 2 years. There is an accumulation. There are only a few of the crowd that I have here today that are here for the first time. I am appearing the second time with them.

Senator KENNEDY. I was trying to find out, and you state it isn't so, if one of the officers of the international organization of Teamsters here in Washington, or the attorney for the organization, if they asked you to represent these people who were subpoenaed, and you say that is not right.

Mr. ALLDER. I don't want to go that far. There are attorneys who I do know who represent interests of the Teamsters who have referred cases to me, such as Mr. FitzGerald of Detroit, who has sent any number of cases to me.

Senator KENNEDY. Have you represented this gentleman before this committee?

Mr. ALLDER. Yes, I have. I represented him in January of this year.

Senator KENNEDY. And Mr. Smith?

Mr. ALLDER. No, this is the first time I have represented Mr. Smith.

Senator KENNEDY. How did Mr. Smith hire you?

Mr. ALLDER. I can't remember the name of the attorney, but there was an attorney here in town yesterday with Mr. Smith who called me and after that call I appeared.

Senator KENNEDY. You don't remember the name of the attorney?

Mr. ALLDER. No, but I can ascertain that name for you.

Senator KENNEDY. I am not attempting to imply anything, but I am interested in the Teamsters attorneys, and I am interested in where they get their compensation. I am interested in that in some cases there are conflicts of interest. It is not true in your case, from anything I know, that that is a fact at all. But I am interested.

The point that seems to me to be important about all of this is that these people uniformly take the fifth amendment. They have all been continued in office since this committee exposed some wrongdoings, and the same attorney in most of the cases represents them.

It seems to me that that indicates a pattern concerning the attitude of the Teamster organization here in Washington toward these people.

Who do you receive your compensation from? Each of these people individually?

Mr. ALLDER. Well, Senator, I hesitate to talk about anything concerning a client. There is a relationship of attorney-client. When I have been asked, I furnished the committee, when I was asked, to Mr. Bellino, information. But I can't furnish any information to the committee concerning that sacred relationship without the waiver by the client. I don't have that privilege. It exists to him and him alone. When that is waived I, of course, then have no privilege and I would have to answer your questions. But until that is done, I can't do it.

The CHAIRMAN. Let the Chair make this observation.

The committee permits counsel to appear. It is not a right other than as granted by the committee, by the rules of the committee.

Mr. ALLDER. I understand that, sir.

The CHAIRMAN. I think we could, and I think it is a proper question, ask you whether you actually represent the individual witness for whom you appear.

Mr. ALLDER. That is correct, sir.

The CHAIRMAN. You do?

Mr. ALLDER. I do; yes, sir.

The CHAIRMAN. The second question is whether you represent him exclusively or if you also represent the union that he is a representative of.

Mr. ALLDER. I would say this, Senator: Each witness I appear here with—take this one as an example—I am representing him alone and no one else.

The CHAIRMAN. And you are not here in the interest of the Teamsters Union or any local constituent unit thereof?

Mr. ALLDER. I am employed by him, and that is all.

The CHAIRMAN. Then the next question would be, to corroborate and substantiate that, is: Are you expecting and do you get your fee directly from him or do you get it from the union?

Mr. ALLDER. I expect to get my fee directly from him. I haven't received it yet.

Senator KENNEDY. As long as we have that, could we ask when you represented Mr. Smith before this committee some time ago whether you got the fee from him?

Mr. ALLDER. I did not. This is the first time I represented Mr. Smith.

Senator KENNEDY. Let us take two or three of the other witnesses you represented before. What about Mr. Filipoff? Mr. Filipoff, the previous time he appeared, did he pay the counsel fee, or the Teamsters?

Mr. ALLDER. I haven't been paid yet for the previous appearance.

Senator KENNEDY. Did you send a bill to him?

Mr. ALLDER. Verbally I discussed the question of fee. No, I haven't sent any bill.

Senator KENNEDY. In order to simplify it, let me ask you: Have you been compensated by the Teamsters International for any of the people whom you represented before this committee?

Mr. ALLDER. Well, now, if you mean by Teamsters International, I suppose you mean not locals or conferences, and so on. My answer to that is "No."

Senator KENNEDY. Let's say conferences.

Mr. ALLDER. I have been paid by locals and I furnished that information to the committee after having obtained a waiver by the client concerning that matter. Offhand, I couldn't remember the details, but I furnished the amounts, locals, and so on.

Senator KENNEDY. You understand the point. I am trying to find out whether the Teamster members are paying you or whether the person involved is paying you out of his own funds.

Mr. ALLDER. I understand that, Senator, and I think I answered. I have been paid by some locals and I furnished a list of those to the committee.

Senator KENNEDY. And you have been paid in some cases by the man himself without union funds?

Mr. ALLDER. That is correct.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Filipoff, you were former secretary-treasurer of local 208 in Los Angeles, Calif. There was an election that we went into between Mr. Filipoff and Mr. Sidney Cohen. Mr. Sidney Cohen won the election. He then was subjected to a period of harassment for himself and for his wife, and finally he arranged to come back here. Mr. Cohen met with Mr. Filipoff, as well as with Mr. Mike Singer, who is one of Mr. Hoffa's chief representatives in Los Angeles. At that time Mr. Cohen had a meeting at the International Teamster headquarters and agreed to resign from the position he had been elected to. He went back to Los Angeles and ultimately appeared before the committee and explained that the reason he desired to resign was because of the threats that had been made against himself and his wife.

We brought Mr. Filipoff before the committee and developed the facts that he was in business with an employer out there, receiving compensation, and a comparable income from the employer. We also went into the election, what had happened in the election. Mr. Filipoff refused to answer our questions on the grounds of self-incrimination.

Ultimately, Mr. Cohen, through a court case and other efforts, was able to gain control of the local. Mr. Filipoff was out of a job, but he was promoted by Mr. Hoffa, since his appearance before the committee, and made head of the Sears, Roebuck drive on the west coast.

Is that correct, Mr. Filipoff?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that based on your appearance before the committee, when you took the fifth amendment, these other details regarding your activities had been developed, and the fact that you had furnished, together with the international union, some \$11,000 to Gus Brown, a known Communist, who runs and operates an independent union on the west coast, that this had all been developed?

You took the fifth amendment regarding these activities. Then you went back to the west coast and Mr. Hoffa promoted you and made you head of the Sears, Roebuck drive on the west coast; is that correct?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you are now being paid out of international funds; is that not right?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And the name of the company, Mr. Chairman, we identified him with as being in business with, was the Portabel Container Disposal Co. He was in business with an employer by the name of Harry F. Levenson; it was a clear conflict of interest.

That testimony was placed in the record under oath.

The CHAIRMAN. What was it you stated about the Communist?

Mr. KENNEDY. There was a man by the name of Gus Brown. Gus Brown was expelled from organized labor because of Communist affiliations.

He was a functionary in the Communist Party in California. He was expelled from organized labor because of his Communist affiliations. He organized an independent union. Mr. Filipoff and Mr. Harold Gibbons got together and when Mr. Gus Brown was attempting to organize a furniture company they financed his organizational drive.

The money came originally from local 208, some \$11,000, but that local was then reimbursed by the international union. It went to this known Communist, known member of the Communist Party.

The CHAIRMAN. Did you take any part in that, Mr. Filipoff?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You wouldn't say whether you helped finance the Communist effort to organize union members?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Whatever action you took, is it known to Mr. Hoffa?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I don't want to reflect on him. Is it a fact he knew of all these activities before he promoted you and put you in charge of this work out there?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You don't think it would be any reflection, do you, if you were hired to do an honest job?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have any concept of what is honest and decent and proper?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Mr. Chairman, what we have developed, of course, is that these people are individuals and alliances with people convicted of armed robbery, murder, convicted of narcotics pushing, and now, of course, the alliance money going with Communists, that nothing has been done about any of these matters.

It would appear evident, as we have said before in this committee, that Mr. Hoffa cannot do anything about any of this.

Is that correct?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. He is part and parcel of this operation. He cannot and would not under any circumstances do anything about this kind of an operation in the Teamsters Union.

Isn't that right, Mr. Filipoff?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. Isn't it a fact that Mr. Hoffa said on page 5224, on August 23, 1957, when Senator Ives asked him about some of the situations in New York, he said:

I will tell you, Senator, if I become president of this international, I will accept my responsibilities and deal with the individuals in such a way that will not bring any harm to the labor movement * * *.

I recognize that responsibility, and the union will be run for the benefit of the members, and it will be corrected where it needs correcting.

Mr. Hoffa came before this committee as far as 2 years ago, at which time he committed himself to cleaning up the union.

Again, the chairman stated on 5222:

Mr. Hoffa, you can't place the blame for all of this on Dave Beck.

Mr. HOFFA. If I had the responsibility, I would accept it.

The CHAIRMAN. You didn't have a responsibility to the union to try to keep it clean and honorable and try to keep it from coming into disrepute?

Mr. HOFFA. Yes, sir. I accept that responsibility, and after hearing this committee operate I can make a positive statement on that question if you care to have me make it.

It seemed to me that Mr. Hoffa made several statements as to what he was going to do to clean up the union. I don't think there is any question but what he has authority under the constitution. I would like to ask if there is anyone in the Teamster organization, with the exception of Mr. Beck—not even Mr. Beck—who has been removed from the Teamster payroll or a position of influence in the Teamsters.

A number have been removed. For instance, Frank Kierdorf was burned to death. I believe there was another union official that went to the penitentiary, Jerry Connelly, who is no longer a union official. And there was Mr. Herman Kierdorf; Mr. Hoffa stated that he asked him to resign from the union.

I might say, as far as Mr. Herman Kierdorf is concerned, that according to the records of the Teamsters he received \$20,000 in severance pay when he resigned.

Mr. Hoffa said also that Tony "Ducks" Corallo has resigned. We had the testimony in connection with that today, where the two individuals replaced him immediately on the payroll and, according to our information, they are nothing but fronts for Tony "Ducks" Corallo.

Mr. Herman Kierdorf, I might add, has gone to the penitentiary also.

I don't think beyond that, according to the information we have, and according to the information that has been furnished to the committee by the Teamsters, there is anybody else against whom Mr. Hoffa has taken any action.

Senator KENNEDY. Isn't it a fact that in the case of Mr. Cohen, for example, up in Philadelphia, Mr. Hoffa attended a banquet in his honor even though he took the fifth amendment as to what he had done with over \$300,000 of union funds?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Is there anything further of this witness?

Mr. KENNEDY. That is all.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Al Reger.

The CHAIRMAN. Mr. Reger, be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. REGER. I do.

TESTIMONY OF AL REGER, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER AND BERNARD ULANO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. REGER. Alfred Reger, 3555 Kings College Place, Bronx, N.Y.

The CHAIRMAN. Have you any business or occupation?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. You think it would?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. That is what I asked you. You honestly believe it might tend to incriminate you; is that correct?

Mr. REGER. Yes.

The CHAIRMAN. All right, Mr. Kennedy.

Let the record show that Mr. Alder appears.

Mr. ALLDER. His local attorney is here, too, Mr. Chairman.

The CHAIRMAN. Will you identify yourself?

Mr. ULANO. Bernard Ulano, 41 Broadway, New York City.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Reger is the secretary-treasurer of local 522 of the Teamsters. It is one of the Teamsters Union that is controlled and dominated by Tony "Ducks" Corallo and was identified as such before our committee in 1957.

Although that fact was established, we put some wiretaps that were legal at that time, we put them in the record and they show that Mr. Al Reger was taking his instructions from Tony "Ducks" Corallo. That is the second thing we established.

Also, Mr. Al Reger has been convicted of extortion, and he has been sentenced to 5 to 10 years in Sing Sing Prison. I understand it is on appeal at the present time. He still holds his union position.

Isn't that correct, Mr. Reger?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Nothing has been done, once again, in the case of Al Reger to remove him from his union position.

Senator KENNEDY. Has the appeal been settled?

Mr. KENNEDY. It is still on appeal.

Isn't it correct, Mr. Reger, that you have been a member of the Communist Party?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you were on the advisory council of the Daily Worker during the 1940's, and precinct director of the Newark Communist Party?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We identified as his close associates Johnny Dioguardi, Anthony "Tony Ducks" Corallo, Carmine Tramunti, Archie Katz, and Milton Holt.

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Have you ever repudiated communism?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you now believe in communism as a philosophy?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you now a Communist?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. You may stand aside. Call the next witness.

Mr. KENNEDY. Once again, Mr. Chairman, he still holds his union position.

The CHAIRMAN. I have one other question. In this latest conviction of yours, did the union pay the expenses of your defense?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What do we have on that?

Mr. KENNEDY. We don't have that.

The CHAIRMAN. It seems to be the general pattern for the union, the dues-paying members, to have to pay the burden of defending these extortionists and other crimes committed by these folks.

You don't want to say whether the union paid for your expenses or not?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. May I ask if the local attorney represented him in the criminal prosecution?

Mr. ULANO. No; I did not.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Could he remain close by?

The CHAIRMAN. Yes.

Mr. KENNEDY. Mr. Theodore Wilmot.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILMOT. I do.

TESTIMONY OF THEODORE WILMOT

The CHAIRMAN. Please state your name, your place of residence, and your business or occupation.

Mr. WILMOT. My name is Theodore Wilmot. I live at 195 Franklin Street, Secaucus, N.J. My business is secretary-treasurer of local 300 of the International Brotherhood of Pulp, Sulphite & Paper Mill Workers.

The CHAIRMAN. It is kind of refreshing to have a witness come up and frankly state his business and occupation. It certainly demonstrates that all unions are not under the dominance of officers who have to take the fifth amendment when they are asked about their transactions and their work for labor with respect to the union they represent.

Thank you very much.

Do you have counsel?

Mr. WILMOT. No, sir.

The CHAIRMAN. Do you waive counsel?

Mr. WILMOT. I waive counsel.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Wilmot, you have been with that union for approximately 20 or 21 years?

Mr. WILMOT. Right.

Mr. KENNEDY. Around February of 1959 you received a telephone call from Mike Peluso?

Mr. WILMOT. Yes, sir.

Mr. KENNEDY. I understand he was owner of the Union Salvage Co.

Mr. WILMOT. That is right.

Mr. KENNEDY. That was located at Plainfield, N.J.; is that right?

Mr. WILMOT. Yes, sir.

Mr. KENNEDY. Will you relate what he said to you at that time?

Mr. WILMOT. He had left word at my office, I wasn't in the office when the call was received, but there was a note left there for me, to get in touch with him, that his plant was being organized by a Teamsters local, and requested that I get in touch with him, which I did.

In fact, I went to his plant and he told me that—well, he showed me a stipulation that was to be signed by him, by the Teamsters local, and he asked me what I could do to help him. In my endeavor to get the matter straightened out, I told him that I would try and seek jurisdiction over his employees because they were members or should be members of our international union.

When I found out the local number, which was 522, I believe, if my memory serves me right, in Newark, N.J., I called there and was put in contact with Mr. Reger.

The CHAIRMAN. That is the witness who just preceded you on the stand?

Mr. WILMOT. Sir?

The CHAIRMAN. Mr. Reger is the witness who just preceded you on the stand; that is who you are talking about?

Mr. WILMOT. I understand that.

The CHAIRMAN. I wanted the record to show it. Proceed.

Mr. KENNEDY. What conversations did you have with Mr. Reger?

Mr. WILMOT. About taking over the jurisdiction of the plant.

Mr. KENNEDY. Relate to the committee, please. Relate the conversation that you had.

Mr. WILMOT. Well, when I had asked him for recognition, there was a couple of problems that he had to have worked out.

Mr. KENNEDY. What happened? Will you continue?

Mr. WILMOT. Well, he had a problem of losing face with the men whom he had solicited into his union.

Mr. KENNEDY. Did he ultimately tell you that you would have to pay some money in order to gain recognition?

Mr. WILMOT. Well, you have to have so-called expense money.

Mr. KENNEDY. How much did that amount to? Subsequently did he relate to you how much that would amount to?

Mr. WILMOT. The way I understood, it was to be \$90 a man.

Mr. KENNEDY. How much would that amount to altogether?

Mr. WILMOT. Maybe \$1,300; somewhere around there.

Mr. KENNEDY. Mr. Reger asked for that money?

Mr. WILMOT. Did he ask me for that money? He asked me to get in touch with Mr. Peluso.

Mr. KENNEDY. Mr. Peluso was to pay that money, \$1,300?

Mr. WILMOT. Apparently.

Mr. KENNEDY. Is that what he said to you?

Mr. WILMOT. He asked me to call him and get in touch with him and tell him that is what he wanted.

Mr. KENNEDY. What did you tell Mr. Reger?

Mr. WILMOT. I thought it was exorbitant. I thought it was a shake-down. However, as embarrassed as I was, I would call Mr. Peluso and then I would convey my message back to Mr. Reger, whatever Mr. Peluso said.

I did that, and Mr. Peluso said that he definitely would not pay. Then I told him if he was prepared for a strike, because that would

be the natural thing to happen if the man didn't meet Mr. Reger's demands. I understand at a later date there was a strike in the plant.

Mr. KENNEDY. And was there ultimately an election?

Mr. WILMOT. So I understand. There was an election and the Teamsters lost the election.

Mr. KENNEDY. But he approached you, Mr. Reger said that he would call off his organizational drive if you could obtain some \$1,300 from the employer; is that correct?

Mr. WILMOT. Approximately that much. At \$90 a man, however many men were employed.

Mr. KENNEDY. You told him you thought it was a shakedown at that time?

Mr. WILMOT. I thought it was exorbitant.

Mr. KENNEDY. Did you tell him it was a shakedown?

Mr. WILMOT. I believe I told him that, too.

Mr. KENNEDY. Did you ever report that to any Government individual?

Mr. WILMOT. Did I ever report it? I gave a sworn statement to your committee members or attorney.

Mr. KENNEDY. Prior to that?

Mr. WILMOT. No, sir.

Mr. KENNEDY. If you thought it was a shakedown, why didn't you report it?

Mr. WILMOT. Because I wanted to get away from it and get out of the whole mess.

Mr. KENNEDY. Did you ever try to organize the plant yourself?

Mr. WILMOT. No, sir.

Mr. KENNEDY. You never tried?

Mr. WILMOT. No, sir.

Mr. KENNEDY. If that plant was in your jurisdiction, why didn't you try to organize?

Mr. WILMOT. I didn't know it was there.

Mr. KENNEDY. After you found out it was there, why didn't you organize it?

Mr. WILMOT. Because it was too late; it was signed up.

Mr. KENNEDY. Why didn't you try to organize it then, when you saw him?

Mr. WILMOT. It was being organized by a union. There was a union involved.

Mr. KENNEDY. You said he was involved in an extortion or a shakedown. Why didn't you go down and try to organize it yourself?

Mr. WILMOT. Well, that isn't the way it is done.

Mr. KENNEDY. That is what we are beginning to find out. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

If not, thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Reger, would you return to the stand, please?

TESTIMONY OF AL REGER, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER AND BERNARD ULANO—Resumed

Mr. KENNEDY. Would you relate to the committee what happened in connection with this organizational drive?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. So, Mr. Chairman, we have this information in 1957 in connection with Mr. Reger, the background involved in extortion, convicted of the crime, he is not even suspended from office, and yet we find in 1959 that he is still active in the same kind of operation, according to the sworn testimony before the committee, attempting to shake down an employer for some \$1,300.

That is all.

The CHAIRMAN. Have you any comment? You have heard the testimony here from the witness Mr. Wilmot. Do you want to make any comment? Is anything inaccurate or untrue about it that you want to refute?

Mr. REGER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I think you are entitled to have the opportunity. If you decline the opportunity, as far as I am concerned, the record remains as is.

Are there any other questions?

You may stand aside.

Mr. KENNEDY. Mr. Jack Thompson, Mr. Chairman.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. THOMPSON. I do.

TESTIMONY OF JACK THOMPSON, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. THOMPSON. Jack Thompson, 321 Westmoreland Drive, Flint, Mich.

The CHAIRMAN. Have you any business or occupation?

Mr. THOMPSON. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Is it that sort of a business that you honestly believe, or activity that you honestly believe, if you stated what it is, it might tend to incriminate you?

Mr. THOMPSON. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. In other words, you are refusing to answer the question as to your business because you believe a truthful answer might tend to incriminate you; is that correct?

Mr. THOMPSON. I respectfully decline to answer——

The CHAIRMAN. I am going to order you to answer this question. Pay attention to it.

I asked you if you were refusing or declining to answer the question as to what your business is because you honestly believe that an answer might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. THOMPSON. I do.

The CHAIRMAN. All right. Proceed.

MR. KENNEDY. Mr. Jack Thompson, Mr. Chairman, is business agent of local 332 in Flint, Mich. We have had testimony in connection with him before the committee, concerning his close association with George Kamenow, who was the representative in Michigan for Mr. Nathan W. Shefferman, and that, through the efforts of George Kamenow, money was paid by employers to George Kamenow which was to go on to certain union officials. We identified Mr. Jack Thompson as accompanying Mr. Kamenow on at least three hunting trips up into Canada. Mr. Thompson has just been convicted of arson in connection with the death of Mr. Frank Kierdorf. He also has a criminal record which includes 2 years in Boys Vocational School in Lansing, Mich., for breaking and entering, 3 years probation for unlawfully driving away an automobile in 1935, 5 years probation in 1937 for breaking and entering in the nighttime, and 4 to 25 years in the Southern Michigan Prison in Jackson, Mich., for armed robbery. He was convicted in 1937. He was paroled in 1941. Now he has this most recent conviction.

As I say, he was associated with a notorious fixer, Mr. Kamenow, who appeared before the committee and who took the fifth amendment. From sworn testimony before the committee, he was associated with shaking employes down. He has an extensive criminal record and, according to our information, still holds his union official position.

Is that correct, Mr. Thompson?

MR. THOMPSON. I respectfully decline to answer because I honestly believe the answer might tend to incriminate me.

THE CHAIRMAN. Do I understand that Mr. Thompson has recently been convicted for arson?

MR. KENNEDY. He was convicted on April 3, 1959.

THE CHAIRMAN. Is that for the same fire that destroyed Frank Kierdorf?

MR. KENNEDY. That is correct.

THE CHAIRMAN. That is what caused his death?

MR. KENNEDY. Frank Kierdorf was the other officer in this local. Local 332 was run by Frank Kierdorf and Jack Thompson until Frank Kierdorf's death. Now it is run by Mr. Jack Thompson, who has some five convictions, is that right, Mr. Thompson? How many convictions do you have?

MR. THOMPSON. You have the record.

MR. KENNEDY. How many do you have?

MR. THOMPSON. I respectfully decline to answer. I honestly believe the question might tend to incriminate me.

THE CHAIRMAN. Does it ever bother your conscience that you committed that arson and killed your pal?

MR. THOMPSON. I respectfully decline to answer the question. I honestly believe the answer might tend to incriminate me.

THE CHAIRMAN. Are there any other questions?

MR. KENNEDY. Mr. Chairman, in about 5 or 6 days of testimony in connection with this man, we showed that he had absolutely no interest in employees at all, that all he was interested in was shaking down the employers.

THE CHAIRMAN. Is that true? Is that all you are interested in?

MR. THOMPSON. I respectfully decline to answer, as I honestly believe the answer might tend to incriminate me.

The CHAIRMAN. Were you undertaking to shake down the management of the place where you committed the arson?

Mr. THOMPSON. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The other fellow, your partner, paid a pretty heavy penalty for his part in the arson; did he not?

Mr. THOMPSON. I respectfully decline to answer the question because I believe the answer might tend to incriminate me.

The CHAIRMAN. What is the amount of your sentence?

Mr. THOMPSON. I respectfully decline to answer because——

The CHAIRMAN. What is the amount of his sentence?

Mr. KENNEDY. It could be up to 10 years. I don't believe he has been sentenced yet.

The CHAIRMAN. Sentence has not been imposed.

Is the case on appeal?

Mr. KENNEDY. All we know is that he faces a sentence of up to 10 years. But he was one of the most notorious figures that we had before the committee, Mr. Chairman, because he was so closely related to the Shefferman operation, which, as you know, was identified with attempting to avoid proper unionization and bring in people to make sweetheart contracts. We showed clearly Mr. Jack Thompson and Mr. Frank Kierdorf were never interested in the employees.

The CHAIRMAN. And you have the record here where he is still an official of the union?

Mr. KENNEDY. That is correct, Mr. Chairman.

The CHAIRMAN. Do you deny that you are the official of a union? I don't want to reflect on the union unduly. If there is any statement that is being made here that reflects on the union that is not true, I would like to correct the record or give you an opportunity to correct it.

Mr. THOMPSON. I respectfully decline to answer the question because I honestly believe it might tend to incriminate me.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. We can't finish this afternoon.

The CHAIRMAN. Stand aside.

The committee will stand in recess until 10:30 tomorrow morning.

(Whereupon, at 4:30 p.m. the committee was recessed, to reconvene at 10:30 a.m., Friday, June 26, 1959. Committee members present at time of recess: Senators McClellan and Kennedy.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, JUNE 26, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Jr., Democrat, North Carolina.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; Paul J. Tierney, assistant counsel; Irwin Langenbacher, assistant counsel; Pierre E. G. Salinger, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan and Kennedy.)

The CHAIRMAN. Call the next witness, Mr. Counsel.

Mr. KENNEDY. Mr. Chairman, we have had a considerable amount of testimony in connection with some of the individuals that are running these unions, individuals with long criminal records who, during the course of their union stewardship, have betrayed the union membership.

The question has been raised here and other places as to why the union membership does not get rid of these individuals, why they do not vote them out of power or get rid of them in other ways.

In the first case this morning, we are going to deal with a situation involving John McNamara of local 808, New York City, and the efforts made to rid the union of Mr. McNamara. In that connection, I would like to call Mr. Edward McCormack and Mr. Michael Clements.

The CHAIRMAN. Be sworn, please.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CLEMENTS. I do.

Mr. McCORMACK. I do.

TESTIMONY OF EDWARD McCORMACK AND MICHAEL CLEMENTS

The CHAIRMAN. The witness on my left, will you please state your name, your place of residence, and your business or occupation?

Mr. McCORMACK. My name is Edward McCormack. I reside at 976 Home Street, Bronx, New York City. I am a truckdriver for the Railway Express Agency, Inc.

The CHAIRMAN. Thank you very much.

The gentleman on my right?

Mr. CLEMENTS. My name is Michael Clements, 3301 Foster Avenue, Brooklyn, N.Y. I am a truckdriver for Railway Express and business agent of local 808.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, this matter of local 808 is of considerable interest to us. It is run by Mr. John McNamara.

You will remember, in the first group of hearings we held in 1957, hearings on the paper locals, it was shown that the paper locals were set up through the efforts of John McNamara, who was identified as coming down to Washington, D.C., and picking up the charters for the paper locals. It was he who arranged the distribution of locals. These were the locals dominated and controlled ultimately by Johnny Dioguardi and Tony Ducks Corallo. We have established the fact that Johnny Dio and John McNamara were close and intimate friends.

John McNamara appeared before the committee during the course of those hearings and took the fifth amendment. Mr. Hoffa appeared ultimately and stated before the committee that, based on the testimony that had been given before the committee, he felt that John McNamara was responsible for bringing in these paper locals, and that he would hold a hearing and take disciplinary action against John McNamara.

With that as a background, and again, as I stated at the beginning, with the problem that has been raised as to why the individual membership does not get rid of corrupt officials, we are going to ask these individuals some questions.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. Mr. Clements, how long have you been a member of local 808?

Mr. CLEMENTS. About 25 years.

Mr. KENNEDY. And Mr. McCormack, how long have you been?

Mr. McCORMACK. About 17 years.

Mr. KENNEDY. And you have been driving a truck all that period of time?

Mr. McCORMACK. Yes.

Mr. CLEMENTS. That is correct.

Mr. KENNEDY. Mr. McCormack, you ran against Mr. John McNamara for secretary-treasurer?

Mr. McCORMACK. That is correct.

Mr. KENNEDY. When was that election?

Mr. McCORMACK. December 14, 1958.

Mr. KENNEDY. That was following Mr. McNamara's appearance before the committee; is that correct?

Mr. McCORMACK. That is correct.

Mr. KENNEDY. And following the evidence and testimony in connection with McNamara's association with Johnny Dioguardi and association with the paper locals?

Mr. McCORMACK. That is correct.

Mr. KENNEDY. Was it decided prior to the election that the Honest Ballot Association would be brought in to run the election?

Mr. McCORMACK. That is right.

Mr. KENNEDY. That was taken up with the union membership and they voted on that?

Mr. McCORMACK. Correct.

Mr. KENNEDY. Was it also decided that each candidate who was running for office had to get up at the meeting and say that he would abide by the findings of the Honest Ballot Association?

Mr. McCORMACK. Every candidate that was elected for office was asked by Mr. McNamara at a membership meeting in November whether they would abide by the rules and findings of the Honest Ballot Association, which they all stipulated they would.

Mr. KENNEDY. You had a slate that was running against McNamara and his slate; is that correct?

Mr. McCORMACK. That is correct.

Mr. KENNEDY. And you personally were running against Mr. McNamara?

Mr. McCORMACK. That is right.

Mr. KENNEDY. And you put out circulars showing the corruption that had been found as far as Mr. McNamara personally was concerned?

Mr. McCORMACK. That is right.

Mr. KENNEDY. And his association with Johnny Dioguardi?

Mr. McCORMACK. Yes, sir.

Mr. KENNEDY. And the Honest Ballot Association was brought in to supervise, and you had a secret election; is that correct?

Mr. McCORMACK. We had the machine-run election, yes; the ballot machine.

Mr. KENNEDY. And there were some contested votes as far as you were concerned, but the result was that Mr. McNamara received some 439 votes and you received 439 votes?

Mr. McCORMACK. That is right, sir.

Mr. KENNEDY. So it was a tie as far as you were concerned?

Mr. McCORMACK. Correct.

Mr. KENNEDY. Subsequently, under the supervision of the Honest Ballot Association, four more votes were opened?

Mr. McCORMACK. Four challenged votes were opened.

Mr. KENNEDY. First 2 challenged votes were opened, and the result of that was that you received 440 votes and Mr. McNamara received 440 votes?

Mr. McCORMACK. Correct. We tied again.

Mr. KENNEDY. Then Mr. McNamara came in and challenged seven of the machine votes?

Mr. McCORMACK. Correct.

Mr. KENNEDY. The votes that were opened were paper ballots that had been placed aside?

Mr. McCORMACK. The votes that were opened; right.

Mr. KENNEDY. But then Mr. McNamara challenged seven of the machine ballots; is that correct?

Mr. McCORMACK. Machine ballots; that is correct. Machine votes.

Mr. KENNEDY. Then after that two more of the paper ballots were opened up?

Mr. McCORMACK. That is correct.

Mr. KENNEDY. And that gave Mr. McNamara a lead of 442 to 440; is that right?

Mr. McCORMACK. That is right, sir.

Mr. KENNEDY. He got both of those votes?

Mr. McCORMACK. Correct.

Mr. KENNEDY. Then the Honest Ballot Association representative came in and said that from a review of the records that Mr. McNamara had presented, these seven votes he had challenged should be thrown out?

Mr. McCORMACK. That is correct.

Mr. KENNEDY. The seven machine votes. As it could not be determined for whom those votes were, he ruled that there should be a new election?

Mr. McCORMACK. Correct.

Mr. KENNEDY. Between you and Mr. McNamara?

Mr. McCORMACK. For that position; yes, sir.

Mr. KENNEDY. Is that correct?

Mr. McCORMACK. That is right, sir.

The CHAIRMAN. Who ruled?

Mr. KENNEDY. The Honest Ballot Association.

It might be well, Mr. Chairman, to bring this out. We have a representative of the Honest Ballot Association here and maybe he could give the exact details on it. Possibly it would be helpful if he would be called around at this time.

Mr. ABRAMS?

The CHAIRMAN. Come forward, Mr. Abrams. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ABRAMS. I do.

TESTIMONY OF GEORGE J. ABRAMS

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. ABRAMS. My name is George J. Abrams. I live at 31 Pine Drive, North Roslyn, Long Island. I am chief investigator of the Honest Ballot Association in connection with public elections, and I am executive secretary of the committee on labor relations.

The CHAIRMAN. Will you just give us a brief statement regarding the functions of the Honest Ballot Association, just briefly, so we will have the background?

Mr. ABRAMS. The Honest Ballot Association was organized in 1909, at the instigation of the then President of the United States, Theodore Roosevelt. It was organized primarily for the purpose of fighting election frauds in the city of New York.

Since 1937, when former Governor Dewey of New York was special prosecutor, who was investigating some of the racket-controlled unions, we were called upon to supervise some of the internal elections of unions.

Since 1937 we have conducted, I would say, several thousand elections, internal elections, of unions, and we have conducted elections

for collective bargaining between management and labor. We have been called upon by various political entities within the group.

The CHAIRMAN. Do you have a legal status? Are you authorized specifically by law to investigate elections or serve in the capacity of arbiters in elections?

Mr. ABRAMS. We are incorporated as a nonprofit membership corporation in the State of New York.

The CHAIRMAN. In other words, there is nothing compulsory. You only serve where you are invited to serve; is that correct?

Mr. ABRAMS. That is correct, Senator. We do not circularize; we do not solicit so-called business. The organizations must come voluntarily to us.

The CHAIRMAN. In other words, when your services are sought, you may give it and you do give it in these matters of elections in unions and in any other place where there is a contest or election?

Mr. ABRAMS. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Abrams, you were called in in connection with the election that was being held in local 808; is that correct?

Mr. ABRAMS. That is correct, sir.

Mr. KENNEDY. And you personally came in to supervise the election; is that correct?

Mr. ABRAMS. That is correct, sir.

Mr. KENNEDY. Would you tell us what occurred after the voting, after the votes were cast, and the counting of the votes? Was it as I have described? There were 439 to 439, and, ultimately 2 votes were opened, making 440 to 440 between Mr. McCormack and Mr. McNamara, and then the 7 votes in the machines were challenged; is that correct?

Mr. ABRAMS. Yes, except in one place there is an error. One of those seven votes was found to be in order and we ruled it was correct, so it left six.

Mr. KENNEDY. Six that were challenged?

Mr. ABRAMS. That is correct, sir.

Mr. KENNEDY. Then two more votes were opened up, is that right, two more paper ballots opened up?

Mr. ABRAMS. That is right.

Mr. KENNEDY. That gave the lead to Mr. McNamara?

Mr. ABRAMS. Yes. Incidentally, may I explain this: that they were opened up after a hearing that took place before the general counsel, our general counsel.

Mr. KENNEDY. And it was 442 to 440?

Mr. ABRAMS. That is correct.

Mr. KENNEDY. You upheld the challenge, however, on the six votes in the machines; is that right?

Mr. ABRAMS. That is correct.

Mr. KENNEDY. What was your ruling then? What did you decide should be done?

Mr. ABRAMS. We ruled in view of the fact that six persons voted on the voting machine—may I explain that very briefly, if I may?

We prepared a register of the voters from the records of the union. It is our normal practice to check the records of the union as to the period that the person is supposed to have been eligible. In this case,

November dues had to be paid. As we checked the records, we found next to the names of all these persons that November dues were paid.

After the election had taken place, an inspection of the records, in turning the cards over, there were, in the manner of these seven persons, a notation that a certain month had been skipped and not paid. In checking the books, when the members came in to vote, their books showed that they were completely paid up. There was a stamp in every one of their books.

Watchers representing both sides in the contest, in other words the McNamara group and the McCormack group, taking them for examples as the groups, watchers believed they were both entitled—all those persons were entitled to vote, and they agreed they should be permitted to vote on the voting machine, and they were permitted to vote on the voting machine.

When a challenge was made by Mr. McNamara at the conclusion of the election that these persons should not have been permitted to vote, and he brought the records of the union down to our office, and he turned the cards over, it showed that in the matter of these six their dues were not paid for a particular period prior to the election.

The books were brought in and the books showed that the dues were paid. When various trustees of the union were brought in in connection with their receiving these books, they stated that the members came to them and said they were on a checkoff and their dues were paid, so they automatically put a stamp in their book without checking the union records to see if the dues were paid.

But because of our investigation, because of the union record which we were bound by, we ruled that those six votes were improperly cast on the voting machine. In view of the fact that those six votes, being improperly cast, and no one knowing who was the recipient of those votes, we then ruled that the proper practice, particularly in the State of New York, in public elections, that there would have to be a run-off election for the office of secretary-treasurer.

Mr. KENNEDY. That was your ruling, that there would be a run-off; is that correct?

Mr. ABRAMS. That is correct.

Mr. KENNEDY. Was that accepted? Has there been a runoff?

Mr. ABRAMS. There has been no runoff. We received no official word as to whether it has been accepted or rejected.

Mr. KENNEDY. But you never had a runoff?

Mr. ABRAMS. We never had a runoff.

Mr. KENNEDY. Has the Honest Ballot Association ever gone into an election and made a finding or a recommendation that has not been followed?

Mr. ABRAMS. Never.

Mr. KENNEDY. Is this the only case to your knowledge that this has ever been done?

Mr. ABRAMS. This is the only case to our knowledge where a recommendation has not been followed.

The CHAIRMAN. When was the date of this ruling that there should be a runoff?

Mr. ABRAMS. In the final certification on the April 9, 1959.

The CHAIRMAN. April 9 of this year?

Mr. ABRAMS. That is correct, sir.

The CHAIRMAN. So for a couple of months there has been nothing done about it?

Mr. ABRAMS. To our knowledge there has not been.

The CHAIRMAN. You have received no indication, officially or otherwise, as to what action has been taken or will be taken?

Mr. ABRAMS. No official information.

The CHAIRMAN. In other words, so far as you know, it is just dormant, nothing is being done?

Mr. ABRAMS. That is correct, sir.

Mr. KENNEDY. Mr. McCormack, have you received any word as to whether there will be a runoff in the election?

Mr. McCORMACK. The only way I received word from Brother McNamara was the fact that he would not go along with a runoff. As far as he was concerned, he was the duly elected secretary-treasurer of local 808.

Mr. KENNEDY. He has told you, has he not, that there would be no runoff?

Mr. McCORMACK. Well, not words to that effect, but he has told us that he is the secretary-treasurer, so, in other words, we take it he will not go for a runoff. As a matter of fact, I think he did make that statement, and I think Mr. Abrams will verify it, down in Mr. Bloch's office.

Is that right, Mr. Abrams; as far as he is concerned there would be no runoff?

Mr. ABRAMS. Yes. I have a recollection that at the last meeting that he attended, when we gave our ruling in connection with this, that he would not recognize it.

The CHAIRMAN. Let me ask you this: What is your practice? Do you certify those who are elected back to the local?

Mr. ABRAMS. Yes.

The CHAIRMAN. Did you certify the election of all the other officers at that time?

Mr. ABRAMS. We certified originally on December 23, 1958, those that were elected without any problems.

The CHAIRMAN. You certified them as being elected.

Did you certify anyone as being elected secretary-treasurer?

Mr. ABRAMS. No, sir.

The CHAIRMAN. Instead, you certified that there should be a runoff?

Mr. ABRAMS. Correct.

The CHAIRMAN. Another election as to that office?

Mr. ABRAMS. That is right. We issued no certification as to the election of secretary-treasurer.

The CHAIRMAN. So if there was an agreement in the union that they would abide by the certification or results as determined by your organization, then there has been no determination by your organization that anyone was elected to the position of secretary-treasurer?

Mr. ABRAMS. Correct, sir.

The CHAIRMAN. In other words, you have certified that in order for you to determine who should be elected, you have certified that there should be a runoff election or another election as to that office?

Mr. ABRAMS. That is correct, sir.

The CHAIRMAN. And the decision to abide by your action, the determination made by your board, is not or has not, up to now, been fulfilled with respect to this particular office of secretary-treasurer?

Mr. ABRAMS. That is correct, sir.

Mr. KENNEDY. Let me ask you what happened as far as Mr. Clements is concerned.

You ran for business agent, Mr. Clements?

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. Maybe Mr. Abrams could tell us what happened.

The CHAIRMAN. Did you have opposition?

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. Who was your opposition?

Mr. CLEMENTS. Mr. Fitzpatrick.

Mr. KENNEDY. And Mr. Fitzpatrick was running on the McNamara slate?

Mr. CLEMENTS. Right.

The CHAIRMAN. There were just two of you?

Mr. CLEMENTS. Just two.

The CHAIRMAN. In this election, you had a slate, just like Republicans and Democrats, except you were in favor and opposed?

Mr. CLEMENTS. Yes; with a few independents. There were a few independents. But for the most part it was one slate against another.

The CHAIRMAN. In your case, it was just you and McNamara.

Mr. CLEMENTS. That is correct.

The CHAIRMAN. And that was true in your case, you were running against McNamara and there was no third candidate?

Mr. McCORMACK. That is right, sir.

Mr. ABRAMS. In connection with the contest for office for business agent, between Mr. Fitzpatrick and Mr. Clements, the original vote did not determine who was elected because, again, of the challenged ballots and the votes that were cast on the voting machine.

Mr. KENNEDY. What was the original vote, could you tell us?

Mr. CLEMENTS. 438 to 432.

Mr. KENNEDY. You were ahead?

Mr. CLEMENTS. I was ahead by six.

Mr. KENNEDY. And then they opened up two more ballots?

Mr. CLEMENTS. And they offset each other.

Mr. KENNEDY. So that made it 439 to what?

Mr. CLEMENTS. We didn't count them because they offset one another.

Mr. KENNEDY. They opened up the next two?

Mr. CLEMENTS. Yes; and I received 2 more and the count became 440 to 432, and I was now 8 ahead.

Mr. KENNEDY. Then you have the six challenged in the machine.

Mr. ABRAMS. We had the six challenges in the machine, and we also had six other challenged paper ballots.

Mr. KENNEDY. We don't have to get into that.

Mr. ABRAMS. We had the six challenged.

Mr. KENNEDY. They don't affect this.

Mr. ABRAMS. No; they don't. Then we had the six challenged ballots in the voting machine, and we adopted a mathematical formula in the same manner in which we adopted as to the office of secretary-treasurer. We took those six votes and here we assumed the worst, that Clements got these six votes.

Mr. KENNEDY. Do you mean that Fitzpatrick got them?

Mr. ABRAMS. No; if you will follow me a moment, there is a difference of eight votes. We assumed for the moment, in other words

we took the worst that could possibly happen under a mathematical formula, and said that Clements got these six votes, and we took them away from Clements, and took the six votes away from Clements, which brought him down.

It ended up 440 and 432.

We took the 6 votes away from Clements, which left him with 434. Assuming that Clements got those six votes, if we took six votes away from Clements, he would still lead by two votes. So no matter how those six voted, it would not affect the outcome of the election, and we declared Michael Clements elected as business agent.

Mr. KENNEDY. Let me see. It was 438 to 432 originally?

Mr. ABRAMS. It was 438 to 432.

Mr. KENNEDY. Then there were two votes opened that this gentleman received?

Mr. ABRAMS. Yes, sir.

Mr. KENNEDY. Then the next two that were opened up, he received both of them, this witness, Mr. Clements?

Mr. ABRAMS. Yes, sir.

Mr. KENNEDY. That brought it up to 440 to 432.

Mr. ABRAMS. That is correct.

Mr. KENNEDY. Now, there are six challenged in the machine?

Mr. ABRAMS. Correct.

Mr. KENNEDY. Assuming all of those six had voted for Clements, assuming that all of them had voted for Mr. Clements and they are rightfully challenged, we deduct those from Mr. Clements' total. That brings him down to 434, and he still wins by 2 votes.

Mr. ABRAMS. That is correct.

Mr. KENNEDY. So you certified him as a winner; is that correct?

Mr. ABRAMS. That is correct.

Mr. KENNEDY. It was not necessary to have a runoff, because under even the worst circumstances, he would have won the election?

Mr. ABRAMS. That is correct.

Mr. KENNEDY. So he was certified as the winner?

Mr. ABRAMS. That is correct.

Mr. KENNEDY. Now, you were elected as business agent, and have you taken over the position of business agent?

Mr. CLEMENTS. Not as far as salary is concerned.

Mr. KENNEDY. Let me just go back a moment.

Now, you had a number of other people running on your slate against the McCormack slate, and the three trustees that you had, and the anti-McNamara slate won the three trustees; is that right?

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. That means your group won the three trustees.

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. What about the other offices?

Mr. CLEMENTS. The president was McNamara's man and so was the recording secretary.

Mr. KENNEDY. Then you were the business agent?

Mr. CLEMENTS. I was the business agent.

Mr. KENNEDY. So you won four out of the seven.

Mr. CLEMENTS. Five out of the eight we won, and business agent is not a member of the executive board. We gained four out of the seven positions on the executive board, and so we are now in control of the executive board.

Mr. KENNEDY. Now, then, there was the challenge on one of the elections.

Mr. CLEMENTS. That is right.

Mr. KENNEDY. So Mr. McNamara has continued as secretary-treasurer. Did you report then for work?

Mr. CLEMENTS. I reported for work on the day after I was sworn in as is customary in our local.

Eventually I received a phone call from Mr. McNamara in which he stated he wanted to know why I was present in the office. I said I assumed that was the place I was supposed to be at since I was sworn in the day before. He said, "I didn't tell you to come there."

I said, "You had ample opportunity to tell me at the meeting yesterday, a meeting in which we fought for 2 hours to get myself sworn in as business agent."

There was a long drawn-out attempt at that meeting by the McNamara forces to see to it that I wasn't sworn in that day. Eventually we did succeed.

Mr. KENNEDY. You were sworn in and the business agent is a paying job?

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. How much did they receive, the business agents prior to you?

Mr. CLEMENTS. \$208.

Mr. KENNEDY. Who was that?

Mr. CLEMENTS. Fitzpatrick.

The CHAIRMAN. Per week; is that right?

Mr. CLEMENTS. Yes; and expenses.

Mr. KENNEDY. So you reported and he asked you what you were doing in the office, and what was the next step?

Mr. CLEMENTS. He said, "I didn't tell you to come here. I haven't got the money to pay you."

I said, "I am accepting the mandate of the membership, and I am going about my duties whether you say I should or not."

And I did that. I left the office, and as a business agent should, he visits the different terminals that are owned by Railway Express where the members of the union work.

Mr. KENNEDY. What happened after that?

Mr. CLEMENTS. Well, I don't know how detailed you want me to tell the story.

Mr. KENNEDY. When you came to collect your salary, what happened?

Mr. CLEMENTS. We had a meeting at the end of that first week, the three trustees and vice president with McNamara, and we requested a hearing. At that hearing, the trustees insisted that Fitzpatrick leave the office, and that I take over and be paid.

McNamara said that as secretary-treasurer of the local he didn't have the funds with which to pay me.

Mr. KENNEDY. I understand that.

Mr. CLEMENTS. We asked Brother Fitzpatrick's position in the office, since I had won the election, and McNamara stated that he was hiring Fitzpatrick, the man I defeated, as his clerk, on driver's salary, and the trustees then, and the vice president, offered me as a clerk, since I was an elected officer, that I would be willing to work

for driver's salary, but that I should be in that office as an elected official.

That was turned down by Brother McNamara. He stated that he chooses who shall be his clerk.

Mr. KENNEDY. So the man you defeated remained in the office, and remained on the payroll of the union?

Mr. CLEMENTS. That is correct.

Mr. KENNEDY. And you who had just been elected, he said he couldn't pay you because he didn't have enough money?

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. Is that the situation continuing to the present time?

Mr. CLEMENTS. Yes.

Mr. KENNEDY. Now, is it correct that as a clerk, instead of the \$208 a week, he only paid him approximately \$100 a week?

Mr. CLEMENTS. He is supposed to be paid a driver's salary.

Mr. KENNEDY. That is approximately \$100 a week?

Mr. CLEMENTS. That is right.

Mr. KENNEDY. Then did he pay him an extra \$100, as so-called back pay?

Mr. CLEMENTS. As I understand it, yes.

Mr. KENNEDY. So that the man receives now approximately the same as he received as the business agent, some \$200; is that correct?

Mr. CLEMENTS. Yes.

Mr. KENNEDY. Now, in connection with the back pay, that is a third situation that we have.

Mr. McNamara maintained, did he not, that in 1949 the union had agreed to increase the salaries of the officers?

Mr. CLEMENTS. Yes, sir.

Mr. KENNEDY. At that time, there were not sufficient funds in the treasury so that that increase never went into effect; is that right?

Mr. CLEMENTS. Well, I don't know whether to put it that way exactly. The only way I can answer it is that years later we found out that we owed them quite a sum of money, thousands of dollars, and we were told that it was in the nature of back pay and expenses that were owed to the salaried officers.

Mr. KENNEDY. And they were paying this back pay during this period of time, and have been paying it up to now?

Mr. CLEMENTS. They have been paying it for several years, I believe.

Mr. KENNEDY. When these new trustees were selected, your group, did they raise a question about this so-called back pay and expenses?

Mr. CLEMENTS. Yes. They had requested to examine the books, and an appointment was made.

Mr. KENNEDY. To determine the authorization for the back pay?

Mr. CLEMENTS. To examine the books, and during this examination of the books the trustees asked for authorization of the salary listed as expenditures. What they wanted in particular were minutes of the meeting that followed the meeting in which an increase had been granted in January of 1949.

Those minutes were not shown to the trustees, and they were not available. The trustees refused to sign the books.

Brother McNamara stated that he would bring charges against them, and it was their duty to sign the books, and it was not their

concern to question the expenditures made but only to see that they tallied with the canceled checks.

Mr. KENNEDY. So the trustees who have the responsibility under the constitution to determine the use of union funds went in to make an examination of the books. They raised a question about this so-called back pay.

Then Mr. McNamara said that they were not authorized to find out about the back pay, and that they should sign and approve the books.

Mr. CLEMENTS. That is correct.

Mr. KENNEDY. And he said that if they didn't sign and approve the books, that he would bring charges against them?

Mr. CLEMENTS. Correct.

Mr. KENNEDY. Were charges brought against them?

Mr. CLEMENTS. Charges were brought against them.

Mr. KENNEDY. Did he then appoint some of his assistants to hear the charges?

Mr. CLEMENTS. Well, when charges are brought against a member of a union, and in this particular case they were three executive board members, it is the practice to appoint in the place of these accused members and in the place of the accuser substitutes, impartial substitutes, members of the union.

The president of the local appointed four men, three to take the place of the three trustees, and one to take the place of McNamara.

Later on at the trial, to get along with the story, it was argued that these men were not disinterested parties.

Mr. KENNEDY. As it is required under the constitution?

Mr. CLEMENTS. That is correct. But the president insisted, after counsel for the trustees made this statement, that in his opinion these men are disinterested. Of course, the rest of us knew these so-called disinterested substitutes on the executive board as the strongest adherents of McNamara.

Mr. KENNEDY. They were the ones that actually were proposing him for leadership of the union?

Mr. CLEMENTS. Yes. One in particular is a great supporter and motion-maker at the meetings.

Mr. KENNEDY. For McNamara?

Mr. CLEMENTS. For McNamara.

Mr. KENNEDY. So the fact that the trustees wouldn't sign the books because they wouldn't review the records, were those charges sustained?

Mr. CLEMENTS. They were sustained. The main argument at the trial put forth by Mr. McNamara was that the trustee's job, according to the bylaws of our constitution, state that their job is merely to see that the cancelled checks balance with the expenditures listed.

Counsel for the accused trustees stated that that is not the duty of the trustee. The trustee's job is to look into the expenditures, find out why they are made, ask for corroboration, et cetera. That is the true audit of the books.

However, when the decision was made by the executive board, they decided in Brother McNamara's favor.

Mr. KENNEDY. So what happened?

Mr. CLEMENTS. The trustees were suspended for 1 year from their jobs.

Mr. KENNEDY. For not signing the books?

Mr. CLEMENTS. For not signing the books.

Mr. KENNEDY. Then did the trustees appeal it to the Joint Council?

Mr. CLEMENTS. The trustees appealed it to the Joint Council, of which John O'Rourke is president, in New York.

Mr. KENNEDY. And did he write back a memorandum, a letter, to the local union saying that he approved of the decision, but because these people were new people that the sentence was too harsh, or that they shouldn't be suspended?

Mr. CLEMENTS. And they were reinstated; yes.

Mr. KENNEDY. But he did state——

Mr. CLEMENTS. That they were guilty as charged.

Mr. KENNEDY. But they shouldn't be suspended?

Mr. CLEMENTS. That is right.

Mr. KENNEDY. Mr. Chairman, we have all the documents.

The CHAIRMAN. Let me ask you, Mr. Abrams, what is your practice or procedure where you have been invited to serve and have served at the request of a union that desires a supervised election, when you make such a recommendation as you have with respect to holding another election?

Upon their refusal or failure to comply with your directive or certification, what do you do in the future? Do you continue to serve a union which asks your services and then declines or refuses to abide by the results of your findings?

Mr. ABRAMS. We have never had that happen.

The CHAIRMAN. Is this the first instance where you have experienced this, where you have been asked to serve and did serve and then had your decision repudiated?

Mr. ABRAMS. That is correct, sir.

The CHAIRMAN. You never had this happen before?

Mr. ABRAMS. Never had it happen before in connection with a decision that was made.

May I just make this remark in connection with the statement that was made that they all agreed to abide by our decision.

Whether they agreed or not doesn't make the slightest bit of difference. Our position when we are called in to supervise an election is the same as if it was a union election committee handling the election.

The CHAIRMAN. I beg your pardon?

Mr. ABRAMS. I say, our position is the same as if there was a union committee set up, an internal union committee set up to supervise the election. There has been other certification on the part of anybody as to the particular office of secretary-treasurer, so no one could stay in that office or be elected to that office unless somebody certified him.

Now, in connection with the enforcement of that decision, I think that was one, or part of the question you asked me, unless I misunderstood your question—did you ask me something about the enforcement of that decision, what we would do?

The CHAIRMAN. Well, I assume you cannot do anything. But I am inquiring since you give your service, as I understand it, in the interest of rendering a public service, when a situation like this arises where, after having agreed to this, or by inviting you to

supervise the election they by implication at least, if not expressed, agree to abide by your decision—is that correct?

Well, in other words, if you didn't think they were going to abide by your decision, would you serve?

Mr. ABRAMS. No, sir.

The CHAIRMAN. Of course not. You said this is the only time you have had the experience of having your decision repudiated by those who asked you to serve?

Mr. ABRAMS. Let me go a step further. If by chance nothing took place here and Mr. McNamara stayed secretary-treasurer of the union and several years hence we were invited in to supervise this union's elections, we would refuse.

The CHAIRMAN. You would refuse?

Mr. ABRAMS. That is correct.

The CHAIRMAN. Wanted to determine what your policy is in that regard. I can well appreciate that after having been invited to serve, and you do serve and make a finding, and that is repudiated by those who ask for your services—I didn't think you would feel like serving that same organization again.

Mr. ABRAMS. That is correct, sir.

The CHAIRMAN. All right, counsel.

Mr. KENNEDY. Mr. Chairman, here is the letter from the joint council, a copy of the letter.

It is to the three trustees.

The CHAIRMAN. I hand you, Mr. Clements—

Mr. KENNEDY. They cannot identify those, Mr. Chairman.

The CHAIRMAN. I will have to withhold those until later, then.

Mr. KENNEDY. Mr. Tierney can identify them.

TESTIMONY OF PAUL J. TIERNEY—Resumed

The CHAIRMAN. Mr. Tierney, you have been previously sworn as a member of the staff.

I present to you three carbon copies of letters. They appear to be addressed to Mr. John Dawson, Mr. John J. Kelly, and Mr. Joseph Malloy, dated June 12, 1959, and to have been sent by John O'Rourke, president.

I will ask you to examine these carbon copies and state if you identify them and how they came into our possession.

Mr. TIERNEY. I do identify them, Mr. Chairman; I identify these three letters. We obtained them by subpoenaing Mr. John O'Rourke, president of Joint Council of Teamsters in New York City.

The CHAIRMAN. By subpoenaing his records?

Mr. TIERNEY. That is correct, sir.

The CHAIRMAN. Are those three carbon copies that you now have, which the Chair has presented to you, a part of his records that were procured by subpoena?

Mr. TIERNEY. They were, sir.

The CHAIRMAN. The letters may be made exhibits 8A, 8B, and 8C. (Letters referred to were marked "Exhibits 8A, 8B, and 8C," for reference and will be found in the appendix on pp. 19122-19124.)

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. I might just read it into the record.

It is dated June 12, 1959, and is addressed to John Dawson :

DEAR SIR AND BROTHER: Relative to the hearing on appeal before the executive board of Joint Council No. 16, you are advised as follows :

The joint council executive board unanimously concurred that Brothers Malloy, Kelly, and Dawson, were guilty as charged, but that their misconduct was due to their unfamiliarity of their duties.

Accordingly, the joint council executive board decided that they should suffer no further penalty and should be reinstated to their respective offices at this time.

Signed by John O'Rourke.

It must be of considerable difficulty, is it not, Mr. Clements, in trying to deal with this kind of a situation?

MR. CLEMENTS. Yes; there is considerable difficulty. Despite the fact that we control the executive board, even before they were ousted as trustees, it is very difficult to put across a motion at an executive board meeting. If we do make a motion, or one of the trustees or one of those allowed to make a motion—I say that because as business agent I am present but I am not allowed to make a motion—the president will not entertain a motion. He is McNamara's man. Or McNamara, as secretary-treasure will say, that regardless of any motion passed, "I am the man who knows about the treasury."

THE CHAIRMAN. Let me ask you something.

How many are on the executive board?

MR. CLEMENTS. Seven.

THE CHAIRMAN. Seven members on the executive board.

And your group controls or has four out of the seven?

MR. CLEMENTS. Correct.

THE CHAIRMAN. Who is eligible on that board to make a motion?

MR. CLEMENTS. Six out of the seven. The president does not make a motion.

THE CHAIRMAN. Any of the six could make a motion. In other words, you have four on there out of the six who are eligible to make motions?

MR. CLEMENTS. Correct.

THE CHAIRMAN. That is under your constitution and bylaws?

MR. CLEMENTS. That is right.

THE CHAIRMAN. But according to the present procedure and ruling of Mr. McNamara, who is secretary-treasurer, or acting as such, or arrogating to himself the authority to so act, at least, he rules that the four of you are ineligible to make motions?

MR. CLEMENTS. No; he doesn't do that. What the president does is say that the motion is out of order.

THE CHAIRMAN. What is the difference? The effect is the same?

MR. CLEMENTS. Yes.

THE CHAIRMAN. You can't get a motion considered; is that correct?

MR. CLEMENTS. That condition prevails at union meetings many, many times.

THE CHAIRMAN. Is that the kind of democratic processes that we are to expect in union halls?

MR. CLEMENTS. Well, we find out that we do expect these things in union halls.

THE CHAIRMAN. Why?

MR. CLEMENTS. Because I think we need help from our legislators. That is my private opinion.

The CHAIRMAN. I am just trying to find out. Do you mean that it is a legitimate, established, fair, and equitable procedure that you could expect to find in a union hall, or is it something that you regard as an improper procedure?

Mr. CLEMENTS. We regard it is an improper procedure, definitely.

The CHAIRMAN. But the practice has prevailed to where you come to expect the improper decision and procedure rather than what is right; is that correct?

Mr. CLEMENTS. Yes, sir.

The CHAIRMAN. That is what you mean?

Mr. CLEMENTS. That is what I mean.

The CHAIRMAN. So notwithstanding your group controlling the executive board, you can't even make a motion and have it considered?

Mr. McCORMACK. Unless it is in their favor. That is the only time they will accept a motion.

The CHAIRMAN. In other words, if you made a motion to increase their salary, you would probably have it entertained?

Mr. McCORMACK. They would agree with it; yes.

The CHAIRMAN. But if you made a motion about something else, you are out of order?

Mr. McCORMACK. That is right.

Mr. CLEMENTS. Might I add at this point that people like myself, talking with men on the job and with friends, I rant and rave about the fact that the little labor man can do nothing unless our legislators and lawmakers will help us. Where can we go now? If we go to a court and try to force a runoff election, the court will tell us, "Have you exhausted the machinery and the remedies of your union? Did you go to your joint council? Did you go to your international? Or after that, to the convention?"

We are not going to get any place making those kind of appeals.

The CHAIRMAN. I kind of have a suspicion that you favor a bill of rights for a union.

Mr. CLEMENTS. You're darn tootin' I do.

The CHAIRMAN. Thank you.

Senator KENNEDY. Mr. Clements, your point is that your experience in your particular local union has led you to expect the improper. You are not making a judgment with regard to labor in general; are you?

Mr. CLEMENTS. No; I believe there are many good unions.

Senator KENNEDY. In this case you have really depended upon the willingness of both sides to abide by the decision of the Honest Ballot Association, but you had no power to enforce that agreement, once one of the parties decided not to accept the decision?

Mr. CLEMENTS. Yes, sir.

Senator KENNEDY. I agree with you that in that case it would be far more effective rather than depending upon the compliance of both groups, it would be far more effective if the Secretary of Labor had the power in a case such as yours to set the election aside and compel new elections.

Mr. CLEMENTS. Yes, sir.

Senator KENNEDY. I would think that this experience, particularly because of the high reputation of the Honest Ballot Association over the years, and I think the unusual statement that this was the first

time that a party had broken an agreement to abide by their decision, indicates that this was a particularly unfortunate election, and more effective sanctions than agreements would be desirable.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Thank you, Mr. Abrams.

Call the next witness.

Mr. KENNEDY. Mr. John McNamara.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McNAMARA. I do.

TESTIMONY OF JOHN McNAMARA, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. McNAMARA. My name is John McNamara. I reside at 123 Paige Avenue, Yonkers, N.Y.

The CHAIRMAN. Do you have a business or occupation, Mr. McNamara?

Mr. McNAMARA. I decline to answer the question, sir, on the grounds the answer might tend to incriminate me.

The CHAIRMAN. There has been some very incriminating evidence against you here in the last few minutes. Are you conceding that it is justified?

Mr. McNAMARA. I decline to answer the question on the ground that the answer might tend to incriminate me.

The CHAIRMAN. You have counsel.

Let the record show that Mr. Allder appears as counsel.

I just heard this testimony, and I do agree that possibly it is a bit incriminating, what we have heard. I just wondered if you wanted to agree with it by your position here that you say you can't answer because it might be self-incriminating. Is that correct?

Mr. McNAMARA. I decline to answer the question on the ground that the answer might tend to incriminate me.

The CHAIRMAN. I think you are making it pretty clear and understandable.

All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Chairman, Mr. McNamara is president of local 295.

Is that correct?

Mr. McNAMARA. I decline to answer the question on the ground that the answer might tend to incriminate me.

Mr. KENNEDY. And secretary-treasurer of local 808 of the Teamsters?

Mr. McNAMARA. I decline to answer the question on the ground that the answer might tend to incriminate me.

Mr. KENNEDY. We have had testimony that the Honest Ballot Association was called in and everybody agreed to abide by its decision. The decision as far as you were concerned was that there should be a new election.

Will you abide by their decision?

Mr. McNAMARA. I decline to answer the question, sir, on the ground that the answer might tend to incriminate me.

Mr. KENNEDY. Mr. McNamara, according to testimony before this committee, you were involved in the paper locals and identified as a close associate of Johnny Dioguardi. We had all that testimony. Mr. Hoffa said that he was going to make an investigation, have a hearing in connection with the testimony concerning you before the committee.

Has that ever been done?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Then when the local membership tries to take some steps to get rid of you, or at least to have an election to deal with your problem, and it is agreed that certain rules will be followed in order to deal with it, then you refuse to do so; isn't that correct?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. In fact, through your activities, it is impossible within the Teamsters Union to get rid of any corrupt influences; is that right?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Even in situations where a secret ballot is allowed and permitted, which is not very often in the Teamsters Union, when that is permitted and the decision comes out against the incumbent officers, they will not abide by the decision; isn't that correct, Mr. McNamara?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Is there anything that the union membership can do in order to deal with this problem, Mr. McNamara?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Do you expect that Mr. Hoffa will take any action to try to redress the grievances of these individual members?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. It appears here that the members of the union in good standing, who became candidates and who were elected to office, now find that they have no authority, or that their rights and power to perform their duties are being denied to them by you.

Do you say that is true or not true?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

The CHAIRMAN. You think it would tend to incriminate you if you answered truthfully?

Mr. McNAMARA. It might, sir.

The CHAIRMAN. I see.

Well, you then are conceding, are you, that in your union, where you are the secretary-treasurer, you practically dominate the union irrespective of a majority view of your members?

Is that correct?

Mr. McNAMARA. I decline to answer the question, Senator, on the ground the answer might tend to incriminate me.

The CHAIRMAN. If that is true, as has been testified here, these men are in some measure enslaved, are they not, instead of being free American citizens?

Mr. McNAMARA. I decline to answer the question, Senator, on the ground the answer might tend to incriminate me.

The CHAIRMAN. And it becomes more and more apparent as we hear testimony from great union leaders like you, that law is needed in this country to free these men from their bondage and grant to them the bill of rights in union halls that they are entitled to exercise as American citizens.

Don't you agree?

Mr. McNAMARA. I decline to answer the question, Senator, on the ground the answer might tend to incriminate me.

The CHAIRMAN. I expected just that kind of an answer from you. Are there any other questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. John O'Rourke.

The CHAIRMAN. Come forward.

Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. O'ROURKE. I do.

TESTIMONY OF JOHN J. O'ROURKE, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. O'ROURKE. John O'Rourke, 265 West 14th Street, New York City, N.Y.

The CHAIRMAN. Have you any business or occupation, other than the taking of the fifth amendment?

Mr. O'ROURKE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I think that is a confession that you haven't. All right.

Let the record show Mr. Alder appears as counsel.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. O'Rourke, we have had testimony here in connection with the operation of local 808, and the fact that the trustees attempted to examine the books and records, and that John McNamara ordered the trustees to sign certificates that they had reviewed the records and they refused to do so.

Charges were brought against them. The charges were sustained. They made an appeal to you in the joint council and you sustained their convictions.

Could you tell us about that?

Mr. O'Rourke. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You sustained the fact that they had violated the constitution by not signing these books even though they had no chance to review them.

Could you explain that to the committee?

Mr. O'Rourke. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Have any steps been taken in the joint council in New York City to clean up the situation that exists there, Mr. O'Rourke?

Mr. O'Rourke. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Specifically, for instance, in the case of Mr. Bernie Adelstein, hasn't there been some discussion about getting rid of Bernie Adelstein as an officer of joint council, and yet isn't he still an officer of the joint council, even though he has been convicted?

Mr. O'Rourke. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Obermyer, Mr. Chairman.

The CHAIRMAN. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. OBERMYER. I do.

TESTIMONY OF CHARLES OBERMYER, ACCOMPANIED BY COUNSEL, WILLIAM J. DEMPSEY

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. OBERMYER. Charles R. Obermyer. I reside at 884 Kenesaw Road, Birmingham, Mich. I am business manager of the Detroit Times.

The CHAIRMAN. You have counsel present?

Mr. OBERMYER. Yes.

The CHAIRMAN. Counsel, would you identify yourself for the record?

Mr. DEMPSEY. My name is William J. Dempsey, attorney at law, Bowen Building, Washington, D.C.

The CHAIRMAN. Thank you.

Go ahead, Mr. Kennedy.

Mr. KENNEDY. How long have you been with the Detroit Times, Mr. Obermyer?

Mr. OBERMYER. Since 1937.

Mr. KENNEDY. How long have you been business manager?

Mr. OBERMYER. Since January 1 of a year ago, approximately a year and a half.

Mr. KENNEDY. The Times has a contract with Local 372 of the Teamsters?

Mr. OBERMYER. That is correct.

Mr. KENNEDY. And you have some 400 employees who are members of local 372?

Mr. OBERMYER. In excess of 400; yes.

Mr. KENNEDY. Who is the head of Local 372 of the Teamsters?

Mr. OBERMYER. I believe Mr. O'Connor is president and Mr. Prebenda is secretary-treasurer.

Mr. KENNEDY. Mr. Joseph Prebenda?

Mr. OBERMYER. Yes.

Mr. KENNEDY. P-r-e-b-e-n-d-a?

Mr. OBERMYER. That is correct.

Mr. KENNEDY. He is secretary-treasurer of the local?

Mr. OBERMYER. Yes.

Mr. KENNEDY. Has Mr. Joseph Prebenda been on the payroll of the Times?

Mr. OBERMYER. Yes, he has.

Mr. KENNEDY. For how long a period of time?

Mr. OBERMYER. I believe Mr. Prebenda started in our employment in 1921.

Mr. KENNEDY. What was his position at that time?

Mr. OBERMYER. I believe he was classified as a wholesale agent. He sold newspapers.

Mr. KENNEDY. Is he still on the payroll?

Mr. OBERMYER. Yes.

Mr. KENNEDY. At the present time he is on the payroll?

Mr. OBERMYER. Not at the present time.

Mr. KENNEDY. When was his employment terminated?

Mr. OBERMYER. Well, he is still—his employment hasn't been terminated. In fact, he is still on the payroll. I am sorry.

Mr. KENNEDY. He is still on the payroll?

Mr. OBERMYER. Yes.

Mr. KENNEDY. Is there an intention to terminate his employment with the paper?

Mr. OBERMYER. Frankly, I haven't gotten into that yet. I haven't had an opportunity.

Mr. KENNEDY. He was actively working for the paper, then, for a period of time; is that correct?

Mr. OBERMYER. Yes.

Mr. KENNEDY. And is it correct that over the period of the last 5 years, Mr. Prebenda has done less work for the newspaper?

Mr. OBERMYER. Yes.

Mr. KENNEDY. And is it correct that over the period of the past 3 years Mr. Prebenda has done no work that you know of?

Mr. OBERMYER. Well, I wouldn't say "no work." I believe that on Saturday nights when he is around, he pulls his route on Saturday night.

Mr. KENNEDY. Does he continue to draw the full-time salary, however?

Mr. OBERMYER. That is correct.

Mr. KENNEDY. Would you explain to the committee the arrangements that are made with Mr. Prebenda regarding the truck and the runner, and what the usual procedure is as far as the truckdriver?

Mr. OBERMYER. Well, with a newspaper driver, he furnishes his own truck. We don't own the equipment. He furnishes the equipment and under the contract we pay him so much an hour for the use of his equipment. In addition thereto, we furnish him with a jumper. Each one of these street sales drivers have a jumper who works with the driver. The driver is responsible for the sale and collection, the delivery of the newspapers, and the jumper runs the papers back and forth to the stores and corners and stands.

Mr. KENNEDY. In the case of Mr. Prebenda, he had a jumper, did he, for a period of time, who was his brother?

Mr. OBERMYER. Yes.

Mr. KENNEDY. Under the union contract, you are supposed to have the driver and the jumper; is that correct?

(At this point Senator Ervin entered the hearing room.)

Mr. OBERMYER. Well, it is not mandatory under the contract, but we have agreed with the union that the driver should have a jumper.

Mr. KENNEDY. Has that been an agreement with Mr. Prebenda himself?

Mr. OBERMYER. No; it has been an agreement with the union for quite a few years.

Mr. KENNEDY. He is the union official, is he not?

Mr. OBERMYER. At present; yes.

Mr. KENNEDY. This agreement has been with him, as well as with the union officials that preceded him?

Mr. OBERMEYER. Well, it has carried on, Mr. Kennedy. It has carried on. We negotiated this with the union. I don't recall whether Mr. Prebenda was the negotiator for the union at the time or not, but it has been going on for quite a long period of time.

Mr. KENNEDY. You say that Mr. Prebenda is receiving the salary for the full-time work although he shows up just on occasion on Saturday evening. Could you tell the committee why it is that the newspaper continues to pay him?

Mr. OBERMYER. Well, the main reason is that we want to avoid any trouble. In addition to that, Mr. Prebenda's route is being handled by the jumper, and the delivery and service is satisfactory, and, from the standpoint of cost, it results in the same cost to us even under those circumstances.

Mr. KENNEDY. Could anybody else, however, have just one individual handle the driving of the truck and the jumping? If you had just this one individual, would you still pay for two individuals in any other case?

Mr. OBERMYER. I doubt it very much.

Mr. KENNEDY. So the only reason it is done in this case is that he is an officer of the union?

Mr. OBERMYER. Well, it has been done, and it has been permitted to continue.

Mr. KENNEDY. Is that because he is an officer of the union?

Mr. OBERMYER. Well, I would assume so. I would say so; yes.

Mr. KENNEDY. And the payments are made and have been made in order to avoid labor difficulties?

Mr. OBERMYER. In order to avoid any trouble; yes.

The CHAIRMAN. In other words, you don't do this voluntarily. You feel you are compelled to do it.

Mr. OBERMYER. It has been permitted to continue, Mr. McClellan, and we didn't—

The CHAIRMAN. In other words, it is the better part of discretion, from your viewpoint, to let it continue?

Mr. OBERMYER. That is correct.

The CHAIRMAN. In other words, you feel that you might precipitate some difficulties that you could otherwise avoid?

Mr. OBERMYER. You are absolutely right.

The CHAIRMAN. So to that extent it is in some measure a shake-down, is it not?

Mr. OBERMYER. Well, I don't know whether you could construe it as such or not. He works, as I say, occasionally.

The CHAIRMAN. Can you construe it as anything else?

Mr. OBERMYER. I don't think so.

The CHAIRMAN. I don't either.

Mr. KENNEDY. Do you think it is a proper payment?

Mr. OBERMYER. Absolutely not.

Mr. KENNEDY. Are you going to discontinue it?

Mr. OBERMYER. It has been discontinued, Mr. Kennedy.

Mr. KENNEDY. As of when?

Mr. OBERMYER. As of Wednesday, last Wednesday. What I am saying is that no further payments will be made unless the services—unless he works for them. He has to work in order to collect any money.

Senator ERVIN. Your evidence indicates to me that the press in the United States is not quite as free as it is supposed to be.

Mr. OBERMYER. Well, of course, you are talking about a slightly different aspect, I presume, of the newspaper business when you say that.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. That is all.

Senator ERVIN. You may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Joseph Prebenda.

Senator ERVIN. Please be sworn.

You do solemnly swear that the testimony you shall give before the Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PREBENDA. I do.

TESTIMONY OF JOSEPH PREBENDA, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

Senator ERVIN. The witness will give his name, his residence, and his occupation.

Mr. PREBENDA. Joseph Prebenda, 15 Shady Hollow, Dearborn, Mich. I am a driver-salesman and I am also an official of Teamsters Local 372.

Senator ERVIN. You are represented by Mr. Alder as counsel?

Mr. PREBENDA. Yes; I am.

Senator ERVIN. Please identify yourself for the record.

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

Senator ERVIN. Counsel may proceed.

Mr. KENNEDY. What position do you hold with the union?

Mr. PREBENDA. Secretary-treasurer.

Mr. KENNEDY. How long have you been secretary-treasurer?

Mr. PREBENDA. Since 1938.

Mr. KENNEDY. What did you just say to Mr. Obermyer as he left?

Mr. PREBENDA. I just said, "I think you made a mistake."

Mr. KENNEDY. Excuse me?

Mr. PREBENDA. "I think you made a mistake."

Mr. KENNEDY. Are you receiving a salary from the union at the present time?

Mr. PREBENDA. Yes; I am.

Mr. KENNEDY. What salary do you receive?

Mr. PREBENDA. It has just been increased. I received \$175 per week.

Mr. KENNEDY. Did you receive expenses?

Mr. PREBENDA. Yes; approximately \$50 a week.

Mr. KENNEDY. When was it increased?

Mr. PREBENDA. Just on the 14th day of June.

Mr. KENNEDY. The 14th day of June?

Mr. PREBENDA. Yes.

Mr. KENNEDY. What was it increased to?

Mr. PREBENDA. \$100 a week; \$95 to be exact.

Mr. KENNEDY. So it is about \$270 now.

Mr. PREBENDA. That is exactly right.

Mr. KENNEDY. And increased as of June 14?

Mr. PREBENDA. The increase is as of January 1. It is retroactive to January 1, the time that I was elected.

Mr. KENNEDY. How many members of the union do you have?

Mr. PREBENDA. Can I explain that, Mr. Kennedy? A committee of 14 people were appointed to delve into this picture of increasing the salary, and they have come back with a recommendation and the membership, with a full hall, concurred. These are newspaper people.

Mr. KENNEDY. Was it a secret ballot?

Mr. PREBENDA. No; it wasn't.

Mr. KENNEDY. How was the vote conducted?

Mr. PREBENDA. The vote was taken by a standup vote and the people were polled in the meeting as to how they voted.

Mr. KENNEDY. Did everybody in favor stand up?

Mr. PREBENDA. On the original vote.

Mr. KENNEDY. Then everybody opposed stood up?

Mr. PREBENDA. Then they questioned the vote—when I say questioned, not from the point that there was anything, they just wanted to get a correct count—and everybody was polled. They had to stand up and mention their name and tell how they voted.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. Did you have any votes against it?

Mr. PREBENDA. Yes.

Mr. KENNEDY. How many?

Mr. PREBENDA. Don't hold me to it, now. I will give you what I think it was. Around 62, 62-67.

Mr. KENNEDY. What was the vote?

Mr. PREBENDA. Sixty-two or sixty-seven against me; against increase.

Mr. KENNEDY. How many were for it?

Mr. PREBENDA. Eighty-seven.

Mr. KENNEDY. Eighty-seven to sixty-seven. Was this a general membership meeting?

Mr. PREBENDA. Yes; it was.

Mr. KENNEDY. All members were invited?

Mr. PREBENDA. Yes; by postcard. We do it by postcard.

Mr. KENNEDY. How many members do you have in your union?

Mr. PREBENDA. Approximately 1,250.

Mr. KENNEDY. And the vote was 87 to 67?

Mr. PREBENDA. Yes. It was getting late in the afternoon and some people had walked out.

Mr. KENNEDY. What time was the vote?

Mr. PREBENDA. What was that?

Mr. KENNEDY. What time was the vote?

Mr. PREBENDA. Approximately about 4:30 or 5 o'clock.

Mr. KENNEDY. That was Sunday afternoon?

Mr. PREBENDA. Yes. The meeting started at 2.

Mr. KENNEDY. Have you also received some salary from the newspaper?

Mr. PREBENDA. As a driver-salesman.

Mr. KENNEDY. How long have you been receiving that?

Mr. PREBENDA. Since a kid. I got on the payroll there, I guess, at the age of about 17. I am 52 now.

Mr. KENNEDY. We have had the testimony before the committee that over the period of the past 3 years, at least, to some extent for the past 5 years, that you have done little or no work for that salary. Is that correct?

Mr. PREBENDA. That is not correct in this way—

Mr. KENNEDY. Have you been driving a truck?

Mr. PREBENDA. Yes.

Mr. KENNEDY. Every day?

Mr. PREBENDA. Not every day.

Mr. KENNEDY. Every other day?

Mr. PREBENDA. On and off. Two days off a week.

Mr. KENNEDY. All of the 5 working days, have you been driving every day for the 5 working days?

Mr. PREBENDA. All the 5 working days?

Mr. KENNEDY. Yes.

Mr. PREBENDA. No.

Mr. KENNEDY. Have you been meeting the regular route? Have you been making the regular route that you are supposed to make under the contract?

Mr. PREBENDA. I would do some part of the work every day.

Mr. KENNEDY. How much would that consist of?

Mr. PREBENDA. I would say—well, it is all a matter of who is going to be the judge of it.

(At this point Senator Ervin withdrew from the hearing room.)

Mr. PREBENDA. I count the money, I make out the route sheets, I make out all the detail work pertaining to the job.

Mr. KENNEDY. Who does the driving?

Mr. PREBENDA. My brother.

Mr. KENNEDY. And he is one the payroll, also?

MR. PREBENDA. Yes; he is.

MR. KENNEDY. And he is on the payroll of the company?

MR. PREBENDA. Yes; he is.

MR. KENNEDY. And you are on the payroll, also?

MR. PREBENDA. Yes; I am.

MR. KENNEDY. We have had testimony that the only reason that this arrangement was continued was that you were a union official.

MR. PREBENDA. This arrangement was there before I became an official.

MR. KENNEDY. You didn't have to work, you didn't have to drive a truck?

MR. PREBENDA. You see, this is what you would say a contract job. We perform the work and we did the work from the company. There has never been a reprimand against me by this company in all the years that I have been there, and that is 30-some. I have never been called in by the company and reprimanded.

MR. KENNEDY. Is it permissible, then, if anybody can have one man do the job, is he allowed to do that?

MR. PREBENDA. If he does that, he will get three-quarters of the pay of the helper.

MR. KENNEDY. In this case, you have the helper doing the work, do you not?

MR. PREBENDA. I am having my brother do the work. He is my helper.

MR. KENNEDY. Is he getting helper pay?

MR. PREBENDA. If he is the helper or if he is the driver, one or the two.

MR. KENNEDY. Is he being paid helper's salary by the company?

MR. PREBENDA. Yes.

MR. KENNEDY. And you are paid the driver's salary?

MR. PREBENDA. That is right.

MR. KENNEDY. But you don't drive?

MR. PREBENDA. I don't drive? Yes, I do drive.

MR. KENNEDY. You drive very seldom. Is that it?

MR. PREBENDA. Well, I don't know what you call seldom. I can go on that truck most any time and I do. If there is a problem on that territory, I just take off one coat and put on the other one and go right back and do that job.

MR. KENNEDY. Do you know anybody else who has the arrangement with the paper where he gets a full salary as a driver and yet doesn't drive?

MR. PREBENDA. Well it has been in this local union ever since the beginning of this local union.

MR. KENNEDY. But do you know anybody who is not an official of the union who gets a full salary as a driver and yet doesn't drive?

MR. PREBENDA. Who is not an officer of a union?

MR. KENNEDY. Who gets a full salary as a driver and does not drive?

MR. PREBENDA. If his job is done, that has happened in the past, yes, where, in other words, he would put a substitute on, he would draw the paycheck—that is not today, Mr. Kennedy.

MR. KENNEDY. You still have two people. Do you know of any individual who is not an officer of the union who gets a full salary as a driver who does not drive?

Mr. PREBENDA. Look, today, yesterday, 10 years ago or 20 years ago or 30 years ago? These things change.

Mr. KENNEDY. Let's talk about the last 5 years.

Mr. PREBENDA. The last 5 years?

Mr. KENNEDY. Yes.

Mr. PREBENDA. I would say there could have been possibilities where—

Mr. KENNEDY. Do you know anybody?

Mr. PREBENDA. I wouldn't want to put myself on record here as saying that I actually know a man. But I do remember, whether it was 5 years ago, whether it was 3 years ago, people have replaced themselves with this company with their brother, with their relatives, and they still do. They still do. People in a certain area will take their vacations and replace themselves with their brother-in-law, or with their brother, even including their wives, yes. Today.

Mr. KENNEDY. And how many people then would be on the truck?

Mr. PREBENDA. Well, it would not necessarily be the truck. It would be a pleasure car, too.

Mr. KENNEDY. To have somebody performing this service. If there were a truckdriver and he wanted to replace himself with his brother-in-law, that would be all right; he would have somebody on there. You replaced yourself with no one.

Mr. PREBENDA. We did the job. Whatever we contracted for, we did.

Mr. KENNEDY. I understand. Can you tell me one other incident, of one other individual where you have an arrangement that he doesn't have to work and yet draws his salary?

Mr. PREBENDA. Where I have an arrangement?

Mr. KENNEDY. No. Where any other individual who works for the Times has the arrangement where he can draw his salary and yet does not perform the service?

(The witness conferred with his counsel.)

Mr. PREBENDA. My brother, when we are performing this work, whether it is me, him, or both of us, or singly, we get so much money for doing this job. My brother gets paid for doing that work.

Mr. KENNEDY. He gets paid as a jumper. On all of these trucks, Mr. Prebenda, and you know, on all of these trucks there is a driver and a jumper, on all of the trucks but your truck. On your truck there is only the jumper and he gets paid the jumper's salary. You get paid a salary as a driver and yet do not drive.

I am asking you if there is anybody else in a similar situation as you, where you have only one person on the truck, and yet two people draw salaries?

Mr. PREBENDA. I can't point it out here. I am under oath. I don't want to find myself in making a wrong statement.

We have different classifications of work under this contract. We do have people who go away and draw their paycheck without being on the job right today, with full knowledge of the company.

Mr. KENNEDY. Were you down here during the trial of Mr. Hoffa?

Mr. PREBENDA. Yes; I was.

Mr. KENNEDY. For how long a period of time were you here?

Mr. PREBENDA. I would be in and out.

Mr. KENNEDY. You were here for a month or so, were you not?

Mr. PREBENDA. Don't hold me to it. I would say yes; in and out, now.

Mr. KENNEDY. You were drawing your salary from the Times during that period of time?

Mr. PREBENDA. Yes; I had.

Mr. KENNEDY. As a truckdriver, as well as your union salary?

Mr. PREBENDA. As one who has agreed to perform a job, to see that the job is done, and that job was done.

Mr. KENNEDY. Is it permissible, then, for all of the truckdrivers to draw the salary for a helper and for a truckdriver as long as they get the job done? Would you allow that?

(The witness conferred with his counsel.)

Mr. PREBENDA. I am paying my brother. My brother gets part of the money. Let me get the question again, Mr. Kennedy.

Mr. KENNEDY. Let me ask you this: Weren't you down in Florida for a couple of weeks?

Mr. PREBENDA. Yes.

Mr. KENNEDY. And weren't you drawing your salary from the Times during that period of time?

Mr. PREBENDA. But my brother got the money.

Mr. KENNEDY. Your brother gets a salary anyway from the Times.

Mr. PREBENDA. Under this contract, if there is no helper, you still get the money. This was approved. This was agreed with the company and approved by the War Labor Board. I negotiated that contract, and it was approved by the War Labor Board in Chicago, Ill.

Senator KENNEDY. Mr. Prebenda, is it my understanding that it is agreeable with you that in negotiating the contract with the paper that if these routes can be handled by one man, there is no necessity to have two men? Isn't it part of the union contract that there shall be a jumper and a driver?

Mr. PREBENDA. It is part of a union contract on a big truck. What we call a relay mail delivery truck.

(The witness conferred with his counsel.)

Mr. PREBENDA. Senator Kennedy, to make the record clear, although I draw this paycheck, Senator, my brother gets the money.

Senator KENNEDY. Your brother what?

Mr. PREBENDA. My brother. It is two brothers. He gets the money. In other words, I give him the money. He drives.

Senator KENNEDY. You give him your wages?

Mr. PREBENDA. That is right.

Senator KENNEDY. In other words, then, your brother gets two salaries, one as a jumper and the other as a driver; is that correct?

Mr. PREBENDA. Yes.

(The witness conferred with his counsel.)

Mr. PREBENDA. Whenever he drives.

Senator KENNEDY. He drives continually, doesn't he? You only drive once a week, on Saturday nights.

Mr. PREBENDA. No, Mr. Kennedy, I do get on the truck.

Senator KENNEDY. You get on the truck, but do you drive?

Mr. PREBENDA. Don't misinterpret my words, please. When I say I am going on the truck, that means I am working on the truck, Senator.

Senator KENNEDY. Does that mean you are driving the truck?

Mr. PREBENDA. Yes.

Senator KENNEDY. When was the last time that you drove the truck to the Rouge plant?

Mr. PREBENDA. Last Saturday.

Senator KENNEDY. What other day last week did you drive to the Rouge plant?

Mr. PREBENDA. Senator, up until about 3 or 4 weeks past, we had negotiated a contract that lasted about 19 months. We were 19 months behind in negotiating that contract. Well, there was a lag there that I didn't go. I might have missed four, five, or six.

Senator KENNEDY. Will you answer me?

Mr. PREBENDA. But I have been on the truck on Saturday night continuously, Senator.

Senator KENNEDY. I understand that. So the previous witness said. What night last week other than Saturday night did you drive to the Rouge plant and distribute the papers?

Mr. PREBENDA. I made a collection on two stops. Then when the price of the paper went to 8 cents——

Senator KENNEDY. Was that last week?

Mr. PREBENDA. Yes. I went out there and although I did not get in the truck, Mr. Kennedy, I would go out there. That doesn't necessarily mean that I have to go out in the truck. I would meet my brother out in the territory and do the work. It doesn't necessarily——

Senator KENNEDY. In other words, you drive out there in your own car?

Mr. PREBENDA. Yes.

Senator KENNEDY. Then when he would drop the papers off, you would do what?

Mr. PREBENDA. I would check to know what is going on where we drop any papers, did we lose any papers.

Senator KENNEDY. What car do you drive out in?

Mr. PREBENDA. Either my own car or the union car. You know, this could be important to the union, too.

Senator KENNEDY. In other words, as I understand, your brother drives to the Rouge plant in your truck.

Mr. PREBENDA. That is right.

Senator KENNEDY. You drive out in the Cadillac.

Mr. PREBENDA. That is right.

Senator KENNEDY. And you do what then?

Mr. PREBENDA. I will check.

Senator KENNEDY. What do you check?

Mr. PREBENDA. To watch about the papers, whether we lost any sale, are the papers moving, or not. It is also very essential to the union, the rest of the members, for me to know these things. I don't only do it on this territory; I may go on any territory and check those things. That is part of the job.

Senator KENNEDY. Do you get paid by the Teamsters to check whether the drivers are union or nonunion?

Mr. PREBENDA. What is it?

Senator KENNEDY. Do you ever get paid any direct compensation by the Teamsters Union other than the salary and expenses that you

described to us for checking whether the drivers are union or non-union?

Mr. PREBENDA. Say it to me again. I am sorry, Senator.

Senator KENNEDY. Do you get any compensation from the union to check, per night, whether the drivers are union or nonunion?

Mr. PREBENDA. No.

Senator KENNEDY. You get no compensation from any group, any union, conference or anything, other than the salary you described to us, and the expenses per week which amount to—to what?

Mr. PREBENDA. Approximately \$50.

Senator KENNEDY. A week. That is the only compensation you get?

Mr. PREBENDA. Yes.

Senator KENNEDY. You don't get any from any other source?

Mr. PREBENDA. The company, and that is all.

Senator KENNEDY. The checking you do around that you just described is for your union salary?

Mr. PREBENDA. Which one?

Senator KENNEDY. You get no extra fee for the checking that you have described to us?

Mr. PREBENDA. Make it clear to me, please. I draw a pay from the union and I draw a pay from the Detroit Times. Now, what are you asking me?

Senator KENNEDY. I am asking you whether the pay that you receive from the union and the expenses you receive from the union total more than \$270 a week plus \$50 expenses.

Mr. PREBENDA. You see, this has just gone into effect, the \$270 has just gone into effect.

Senator KENNEDY. I understand that.

Mr. PREBENDA. I only draw a couple of checks like that.

Now, you asked a question——

(The witness conferred with his counsel.)

Senator KENNEDY. The question I am asking is whether you receive any other compensation from the Teamsters Union or conference, et cetera, other than the compensation of \$270 a week plus \$50 a week.

Mr. PREBENDA. No, sir.

Senator KENNEDY. In other words, your testimony and the testimony of the Detroit paper is in conflict, as I understand it, when they state that you only work Saturday nights for the paper. You state that you work several nights a week; is that correct?

Mr. PREBENDA. No. I work days. But I say I go on that territory. I don't work nights. There is only 1 night a week that we work.

Senator KENNEDY. When they say under work that you only work for them 1 day or night, for which you receive the salary, you state under oath that you work several days or nights each week for the paper, not just on your union service, but for the paper. Is that a clear disagreement?

Mr. PREBENDA. Yes.

Senator KENNEDY. When you said he made a mistake, do you mean——

Mr. PREBENDA. Not that one.

Senator KENNEDY. What was the mistake?

Mr. PREBENDA. Let me answer this one: I am on that job in a sense every day, Senator Kennedy. I make all the route sheets. I turn in all the reports. The money is counted by me, and any detail work. If any supervisor of the Detroit Times talks about that territory, they always complain to me. I am supposed to correct it. So I am part of this thing. Now, this thing grew up like that. Is that clear?

Senator KENNEDY. In other words, your testimony disagrees with the testimony of the Detroit newspaper; is that correct?

Mr. PREBENDA. Well, the testimony that you are saying about—I don't want to say that he is wrong, because if he just means that driving the truck, then I say to you, Mr. Senator, that that has more to this job. The responsibility is there, that you got to pay for. They are paying for the responsibility, and I am responsible for everything on that territory and have been for all these years.

Senator KENNEDY. I understand. They are paying you for your responsibility for your brother?

Mr. PREBENDA. They are paying for responsibility of doing that job in that territory.

Senator KENNEDY. That is your brother.

Mr. PREBENDA. That is me and my brother.

Senator KENNEDY. I think your brother is the one who is being exploited.

Mr. PREBENDA. I am paying my brother.

Senator KENNEDY. He is receiving two salaries.

Mr. PREBENDA. You can say that about you two brothers, too; I don't know.

Senator KENNEDY. He is receiving all of your salary and all of his own; is that correct?

Mr. PREBENDA. How was that?

Senator KENNEDY. He is receiving all of your salary from the paper and all of his own; is that correct?

Mr. PREBENDA. He is getting the money when he is working; yes. We seem to be able to get along.

Senator KENNEDY. I understand you get along. How much of your salary is he receiving?

Mr. PREBENDA. Whatever he works, Mr. Kennedy.

Senator KENNEDY. How much of your salary did he receive last year?

Mr. PREBENDA. How much did he receive? Mr. Kennedy, in all honesty, I cannot tell you.

Senator KENNEDY. What percentage?

Mr. PREBENDA. I am not trying to duck the issue.

Senator KENNEDY. What percentage, approximately?

Mr. PREBENDA. I can't tell you, Mr. Kennedy. You are now talking about two brothers that are like this [indicating], maybe like you two, just like you two, from the day that we were born, just two brother like you.

Senator KENNEDY. I understand that. All I am asking you is what percentage of your salary did you give your brother? You told me you were compensating him. What is the percentage?

Mr. PREBENDA. Mr. Kennedy, don't put me in that spot, please.

Senator KENNEDY. How much an hour do you give him?

Mr. PREBENDA. These are two brothers.

Senator KENNEDY. On what basis do you divide it? When do you divide it—every week?

Mr. PREBENDA. Mr. Kennedy, we get along, from the cradle.

Senator KENNEDY. Do you divide it every week, every month, or ever day? You made a statement here under oath that you compensate your brother for his work. I am asking you on what basis you you compensate him.

Mr. PREBENDA. Mr. Kennedy, if the route brings in so much money, if my brother tells me, "Joe, I took \$50 out of the bag, I took \$40 out of the bag, I had to buy this"—he just says that. There is never a question by me. He doesn't question me, never did, and I never question him.

Senator KENNEDY. Is it proper to ask him whether his income tax shows that he receives any compensation from you?

Mr. PREBENDA. Mr. Kennedy, I pay the tax on the earnings. My income tax will show that.

Senator KENNEDY. Does your income tax return show that you gave him any compensation?

Mr. PREBENDA. No.

Senator KENNEDY. Does his income tax show that he received compensation from you?

Mr. PREBENDA. No.

Senator KENNEDY. None of your income taxes show that?

Mr. PREBENDA. No. His doesn't. Mine does.

Senator KENNEDY. Does your income tax show that you gave it to him?

Mr. PREBENDA. No.

Senator KENNEDY. There is no record in either one of your income taxes that you gave him compensation?

Mr. PREBENDA. That is right.

Senator KENNEDY. The last question is this: When you stated that he made a mistake, did you mean that to mean that his testimony in some degree was in error, or did you mean that looking to the future he will come to realize that he made a mistake?

Mr. PREBENDA. No. It was in error, Mr. Kennedy.

Senator KENNEDY. What statement?

Mr. PREBENDA. If a driver goes off the territory, if there is no jumper for him, he gets three-quarters pay. There are people—here is the error.

Senator KENNEDY. This is the mistake you were referring to?

Mr. PREBENDA. Yes. I think he made a mistake, Mr. Senator. There isn't enough jumpers or helpers. Then a man would go out without. They, many times, will send a man out without a helper and they will give him three-quarters pay.

That is where the mistake was, I think. I may be wrong, Mr. Kennedy. I think the previous witness said would they pay a man if he went out without a helper, and the answer is yes, they do. They pay him if he goes without a helper.

Senator KENNEDY. I don't recall that question being asked.

Mr. PREBENDA. Maybe I am mistaken, Mr. Senator.

Senator KENNEDY. In other words, all you meant when you said he made a mistake, you were not referring to the general fact that he came and testified frankly before this committee?

Mr. PREBENDA. As God is my judge, no. And he knows it, too.

Senator KENNEDY. The last point is on the raising of your salary. I would like to have a copy of the card that you sent out. On the notice that you sent to the members of your union, did you inform them that one of the subjects that would be up for a vote was giving you an increase in salary plus retroactivity?

Mr. PREBENDA. Mr. Kennedy, as a rule we do those things.

Senator KENNEDY. Did you do it in this case?

Mr. PREBENDA. In this case we did not. You see, the question first came up as to a raise in pay at a previous meeting.

Maybe I should explain it this way: There are four general meetings a year, which all members are invited to. Then there are group meetings. At this general meeting, which happened possibly in April, a resolution was put on to increase the salaries of officers. That was tabled. It was referred to a committee for a committee to report. Everyone knew that, the stewards knew that, that this was going to be reported out.

As a rule, when I tell the girl in the office, "Send out a card," she sends out the card, Mr. Senator, for a general meeting.

Senator KENNEDY. In other words, the membership did not know that it would be before them?

Mr. PREBENDA. We are a pretty close-knit organization, Mr. Senator. These newspapers are very close by. All these people know each other because they work within the same territory.

Senator KENNEDY. Out of 1,200 members, you only had a total of about 140 present?

Mr. PREBENDA. Well, you know, that is one of the unfortunate things, Mr. Senator. You can beg the people, and if they don't come you just can't help it.

Senator KENNEDY. I think it might have aroused greater interest if you were going to inform them they were about to vote you a \$95 a week increase in salary plus retroactivity amounting to about \$2,500.

Mr. PREBENDA. Mr. Senator, at the June meeting of every year is our lowest attended meeting, every year, and has been as long as I can remember. That is a matter of fact.

Senator KENNEDY. When do you come up for election again?

Mr. PREBENDA. I just got reelected. I have only served 6 months in this term.

Senator KENNEDY. Was it a secret ballot in that case?

Mr. PREBENDA. Yes.

Senator KENNEDY. What was the vote?

Mr. PREBENDA. 600—there were 600 and possibly 85 votes. My opponent got 93. I got the rest.

Senator KENNEDY. And it was secret ballot in the union?

Mr. PREBENDA. Yes.

Senator KENNEDY. May I ask you if you have any other member of your family on the payroll of the paper?

Mr. PREBENDA. At the present time?

Senator KENNEDY. Except your brother.

Mr. PREBENDA. Yes. Just 2 weeks ago. They put a little girl on the payroll, yes, just come out of school.

Senator KENNEDY. Who is this?

Mr. PREBENDA. You know, those kids took a pounding all their lives, being a Teamster. Now you bring the little girl.

Senator KENNEDY. What?

Mr. PREBENDA. Now you bring the little girl. Two weeks ago. She is doing a job filing.

Senator KENNEDY. Is this your daughter?

Mr. PREBENDA. Yes, it is.

Senator KENNEDY. I am not referring to your daughter. I am asking about your son.

Mr. PREBENDA. My son?

Senator KENNEDY. Yes.

Mr. PREBENDA. At different times. Right now, no. But at different times my sons, while they were going to school, during the vacation periods they may have worked. One worked, I think, 1 year in the editorial department.

Senator KENNEDY. Is one of them a lawyer?

Mr. PREBENDA. Three of them are lawyers.

Senator KENNEDY. Is one of them counsel for the board of administration of the pension plans?

Mr. PREBENDA. Yes; he is.

Senator KENNEDY. Did you ever ask anyone on the paper to give him legal business?

Mr. PREBENDA. I asked the people on the board of administration of our pension that he represent our own pension plan. You see, we have our own pension plan within our local union.

Senator KENNEDY. And he works for that? He is the counsel for that?

Mr. PREBENDA. He is the counsel for that.

Senator KENNEDY. Did you ever ask anybody on the paper to give him any legal business?

Mr. PREBENDA. Never.

Senator KENNEDY. Do you know Aaron Ellwood?

Mr. PREBENDA. Do I know Aaron Ellwood? Yes.

Senator KENNEDY. Did you ever ask anybody on the paper, connected with the paper, to purchase stocks and bonds from Aaron Ellwood?

Mr. PREBENDA. Aaron Ellwood has been an employee of the Detroit Free Press for approximately 40 years, and also I think he has part of a seat on a brokerage firm. Since I am not completely sound on investments, although I know something about them, Mr. Senator, that is who I would go to protect our pension money. He is a member of long standing.

Senator KENNEDY. And you asked them to give him some business?

Mr. PREBENDA. Yes. I wanted him to get the business.

Senator KENNEDY. Did you ever loan Mr. Hoffa any money?

Mr. PREBENDA. Yes; I have.

Senator KENNEDY. How much?

Mr. PREBENDA. \$2,000.

Senator KENNEDY. What year?

Mr. PREBENDA. It could have been 1953, I guess. Yes, 1953.

Senator KENNEDY. Did you draw a check on that?

Mr. PREBENDA. What?

Senator KENNEDY. Did you draw a check?

Mr. PREBENDA. No; I haven't.

Senator KENNEDY. What did you do; give it to him in cash?

Mr. PREBENDA. Yes.

Mr. KENNEDY. How did he pay you back?

Mr. PREBENDA. He hasn't paid me back.

Senator KENNEDY. He didn't pay you back?

Mr. PREBENDA. No.

Senator KENNEDY. He never has?

Mr. PREBENDA. No.

Senator KENNEDY. Did you get any security for it?

Mr. PREBENDA. No.

Senator KENNEDY. Did you get a note?

Mr. PREBENDA. No.

Senator KENNEDY. He just asked you if you would give him \$2,000?

Mr. PREBENDA. Can I go on record here, Senator?

You know, I was asked that question once before. Senator, I have never loaned any money to a human being and charged them interest or asked a note.

Senator KENNEDY. Do you always loan in cash?

Mr. PREBENDA. I would say most of the time.

Senator KENNEDY. That large a sum?

Mr. PREBENDA. Some I think there would be a couple as large as those.

Senator KENNEDY. Who did you loan that \$2,000 cash to, or more; who else did you do it to?

(The witness conferred with his counsel.)

Mr. PREBENDA. To a priest.

Senator KENNEDY. Did you loan him \$2,000 in cash?

Mr. PREBENDA. Yes.

Senator KENNEDY. He paid you back?

Mr. PREBENDA. Yes.

Senator KENNEDY. Is there any other loan outstanding?

Mr. PREBENDA. Have I any loans outstanding?

Senator KENNEDY. Approximately, of over \$1,000.

Mr. PREBENDA. Now?

Senator KENNEDY. Yes.

Mr. PREBENDA. No.

Senator KENNEDY. Mr. Hoffa's is the only one?

Mr. PREBENDA. Yes.

Senator KENNEDY. Did you ever ask him to repay it?

Mr. PREBENDA. Did I ever ask him? No.

Senator KENNEDY. Do you expect to?

Mr. PREBENDA. Yes; when I need it.

Senator KENNEDY. When will you ask him?

Mr. PREBENDA. When I need it.

Senator KENNEDY. Did you take it out of your safe deposit box?

Mr. PREBENDA. I took it out of my pocket.

Senator KENNEDY. Out of your pocket?

Mr. PREBENDA. Out of my home.

Senator KENNEDY. You carry \$2,000 around in your pocket?

Mr. PREBENDA. Do I carry it around? If someone asks me for it to have it for them, I will bring it.

Senator KENNEDY. Where do you get it?

Mr. PREBENDA. Most anywhere, where I keep my money. That is all. I might sell some stock; I might get rid of some bonds.

Senator KENNEDY. What did you do in this case? Did you sell some stock?

Mr. PREBENDA. In that particular case, Senator, I really don't know just what happened.

Senator KENNEDY. You just went home and got the \$2,000 in cash?

Mr. PREBENDA. I might have cashed a check on my commercial account. I don't know.

Senator KENNEDY. Are you sure of that? That you cashed the check to raise the \$2,000?

Mr. PREBENDA. I don't want to say that. I don't want to say that, Senator.

I don't remember. Don't try to pin me to something like that. My God. I am here giving you—trying to follow Senator McClellan, to give you everything I know.

Senator KENNEDY. I don't think you are giving us everything you know about the \$2,000.

Mr. PREBENDA. Yes; I do.

Senator KENNEDY. It is an interesting fact that a number of business agents and others who hold positions of responsibility all come in with the same story about giving Mr. Hoffa cash without interest. In some cases they said they were repaid, and in some cases they were not.

All of them—\$2,000 is a lot of money to have around in cash. This was the explanation Mr. Hoffa gave for having a large amount of cash on hand without being able to tell us where he received it.

Mr. PREBENDA. Senator, I have never had a savings account since my father lost the money in the bank. That is a matter of record. Since the crash. In a commercial account, yes, Senator.

Senator KENNEDY. Have you been informed by the paper that now you are supposed to drive with your brother?

Mr. PREBENDA. What?

Senator KENNEDY. Have you been informed that now you are supposed to fill the route with your brother?

Mr. PREBENDA. Not yet.

Senator KENNEDY. You haven't been told yet?

Mr. PREBENDA. No.

Senator KENNEDY. Did you hear the statement that you were going to?

Mr. PREBENDA. Yes.

Senator KENNEDY. Do you think you will?

Mr. PREBENDA. Oh, I got to work, Senator. I got to send the girl through school, too. You got to work. I have worked all my life.

Senator KENNEDY. You wouldn't be driving it every night?

Mr. PREBENDA. No. No crime to work.

Senator KENNEDY. Thank you.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Could I just get something straight as far this contract is concerned?

Under the contract that the union has with the newspaper, isn't it provided that every truck will have a driver and a jumper? Is that correct?

Mr. PREBENDA. That is what the contract reads.

Mr. KENNEDY. And then, when the driver is not present, the jumper becomes the driver?

Mr. PREBENDA. That is exactly right.

Mr. KENNEDY. And he gets paid driver's salary?

Mr. PREBENDA. And the jumper's pay.

Mr. KENNEDY. No; he gets paid a driver's salary and they put a new jumper on.

Mr. PREBENDA. They could put a new jumper on, yes.

Mr. KENNEDY. That is what is provided in the contract. You are the union official.

Mr. PREBENDA. That is right.

Mr. KENNEDY. That is No. 1.

Mr. PREBENDA. But they don't do that, Mr. Kennedy, all the time.

Mr. KENNEDY. We will go into that.

Mr. PREBENDA. That is what I told Mr. —.

Mr. KENNEDY. That is when the driver does not appear. Then the jumper becomes the driver, and the jumper then receives driver salary. That was not true in your case, was it? The jumper continued to receive the jumper's salary?

Mr. PREBENDA. Well, you see——

Mr. KENNEDY. That is correct? Just answer the question. That is what happened?

Mr. PREBENDA. I know, but I got to be careful with you, Mr. Kennedy.

Mr. KENNEDY. I just want to get the facts straight.

Mr. PREBENDA. I don't want to make a mistake. I want to give you the truth. That is what I am here for. I am following Senator McClellan. I am going to try——

Mr. KENNEDY. I don't need a speech.

Mr. PREBENDA. But I don't want to get myself mixed up. That is all.

Mr. KENNEDY. We wouldn't get ourselves mixed up. In the contract—and you are the union official, so you should know it better than I—the contract provides that there should be a jumper and a driver. The contract further provides that when the driver does not show up the jumper becomes the driver, and the jumper then receives driver's salary, which is a greater salary than the jumper.

Mr. PREBENDA. Yes.

Mr. KENNEDY. The jumper then becomes a driver and he receives driver's salary?

Mr. PREBENDA. That is right.

Mr. KENNEDY. This did not happen in your case.

Mr. PREBENDA. It did and it didn't.

Mr. KENNEDY. Wait a minute. What happened in your case was that the company paid to a fictitious figure, a figure that never showed up, a ghost figure, which was you, the driver's salary, and continued to pay the jumper jumper's salary, even though he drove.

Mr. PREBENDA. That is exactly right.

Mr. KENNEDY. All right.

So that you were on the payroll and did no work, although you received the driver's salary.

Mr. PREBENDA. I disagree with that statement. I say I do work every day.

Mr. KENNEDY. When you do work, you tour the various locations, as I understand it, in the Cadillac, and go around and make sure everything is done properly.

Mr. PREBENDA. Not always in the Cadillac. Don't put words on the record.

Mr. KENNEDY. Sometimes in the Cadillac, sometimes in another automobile?

Mr. PREBENDA. I might be on my feet.

Mr. KENNEDY. All right. And sometimes you are walking around?

Mr. PREBENDA. That is exactly right.

Mr. KENNEDY. What is it most of the time?

Mr. PREBENDA. It could be, Mr. Kennedy, I could drive up in a car and walk, drive up there, get in the truck and drive, it could be—we are doing a job, Bob Kennedy, we are doing a job. And the company is satisfied with my job.

Mr. KENNEDY. When you are doing the job, you are doing it there as a union official meeting his responsibilities?

Mr. PREBENDA. I am doing—I am satisfactory to both sides.

Mr. KENNEDY. When you are touring these various locations, either by the automobile or by walking, you are performing your function as a union official, are you not?

Mr. PREBENDA. I am also performing, too, a job for the company, because I can now report to the company what I have found out in the field, whether it is good for them or bad for them, are we losing any sales, are we gaining any sales, and I do that to every company that I do business with.

Mr. KENNEDY. If you were taken off the payroll as a truckdriver, would you perform those services anyway?

Mr. PREBENDA. If I was taken off the truck would I perform those services, too?

Mr. KENNEDY. Yes.

Mr. PREBENDA. Mr. Kennedy, I performed those services when I didn't get paid for either one of them.

Mr. KENNEDY. Then you are getting paid for performing no services. You are getting paid for performing services that you would have to perform as a union official. For instance, are you getting paid by the other newspapers?

Mr. PREBENDA. No.

Mr. KENNEDY. Are you reporting back to them?

Mr. PREBENDA. Yes; I do.

Mr. KENNEDY. So that you perform. The only group that is paying, therefore, is this Detroit paper.

Mr. PREBENDA. That is a sort of gratuity to them, that I give them that information.

Mr. KENNEDY. It is a gratuity to you.

Mr. PREBENDA. It is also very important to our members. Whatever I give the company that is favorable to them is also favorable to the people that I represent.

Mr. KENNEDY. The second thing is that when you were down here in Washington with Mr. Hoffa you could not even perform those services, and yet you drew your salary. When you were down in Florida for several weeks you could not even perform those services, and yet you drew your salary.

I don't see that the previous witness made a single mistake.

Mr. PREBENDA. Maybe he didn't.

Look, I am going to take that back.

Senator, I will take that back. Maybe I heard it wrong. But that is the part I thought he said.

Mr. KENNEDY. What you meant really was that this man made a mistake in testifying.

Mr. PREBENDA. Yes. In other words, they do send out drivers, they do send out drivers without jumpers, and when they send that driver out they do pay him. What I thought he said was, "When we send a driver out without a helper we don't pay him." That is not so, Senator. They do pay him.

Mr. KENNEDY. But they don't pay two people when they send one out except in your case.

Mr. PREBENDA. That is right. But they have paid two people at different times in the past; yes, they have.

Mr. KENNEDY. Could I put in what the records of the company show, as well as the records of the union, as far as his salary is concerned? Mr. LANGENBACHER.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LANGENBACHER. I do.

TESTIMONY OF IRWIN LANGENBACHER

The CHAIRMAN. State your name.

Mr. LANGENBACHER. Irwin Langenbacher.

The CHAIRMAN. You are a member of the staff of this committee?

Mr. LANGENBACHER. Yes, sir; assistant counsel.

The CHAIRMAN. How long have you served?

Mr. LANGENBACHER. On this committee, 2 years.

The CHAIRMAN. In the course of your duties, have you made an examination of records to ascertain about the pay of this witness?

Mr. LANGENBACHER. I have.

The CHAIRMAN. Working for the newspaper?

Mr. LANGENBACHER. Yes; I have.

The CHAIRMAN. Proceed.

Mr. KENNEDY. We have the testimony of Mr. Obermyer that this witness performed very little services over the period of the past 5 years.

What do the records of the Times show as to the amount of money paid him?

Mr. LANGENBACHER. For wages during the past 5 years he received a total of \$36,002.77. For the truck, he received \$12,701.08.

Mr. KENNEDY. But that was a perfectly legitimate transaction; was it not?

Mr. LANGENBACHER. For the truck.

Mr. KENNEDY. How much would be paid for a truck?

Mr. LANGENBACHER. A truck is a dollar——

Mr. KENNEDY. I don't want to know how much, but that is what would be paid, \$12,000, over that period of time?

Mr. LANGENBACHER. Yes.

Mr. KENNEDY. The only thing being questioned is the \$36,000?

Mr. LANGENBACHER. Yes.

Mr. KENNEDY. What was he receiving from the union?

Mr. LANGENBACHER. From the union for the past 5 years, not counting 1959, he received a total of \$48,240, which would average, in a year, \$9,648. A week ago last Sunday at the meeting, it was voted to grant him an increase of \$75 a week, for a total of \$270 a week, effective retroactively to January 1, 1959.

So he is now receiving from the union in 1 year approximately \$14,094.

Mr. KENNEDY. Was that a general membership meeting?

Mr. PREBENDA. What was that?

Mr. KENNEDY. Was that a general membership meeting?

Mr. PREBENDA. When they voted it?

Mr. KENNEDY. Yes.

Mr. PREBENDA. Yes. They can only vote those things in a general membership meeting.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much. You may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Presser.

The CHAIRMAN. Come forward, Mr. Presser.

Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PRESSER. I do.

TESTIMONY OF WILLIAM PRESSER, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. PRESSER. William Presser, 2525 Claver Road, Cleveland, Ohio.

The CHAIRMAN. Do you want to tell us what your business is, or your occupation or profession? Would you like to do that?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show Mr. Alder appears as counsel. Proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Presser appeared before the committee, last year, in connection with his operation of the joint council. We have had testimony before the committee——

The CHAIRMAN. What is his position?

Mr. KENNEDY. President of the Ohio Conference of Teamsters and president of Joint Council 41 of the Teamsters in Cleveland, Ohio.

When he appeared before the committee last year, one of the matters that we brought out was that he had signed a check in the amount of \$1,500 which was to be used for the purchase of awnings as a present for Louis "Babe" Triscaro, second in charge of the Ohio Conference of Teamsters.

Has Mr. Hoffa taken any action against you, Mr. Presser?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Has any money been recovered in connection with that?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And then, of course, Mr. Chairman, we have testimony that Mr. Presser was voted, if he terminated his relationship with the Ohio Conference of Teamsters or Joint Council 41, a present of \$20,000 from each group as a sort of going-away present, if legal difficulties or other problems forced him to terminate his relationship with those two organizations.

Has Mr. Hoffa taken any action on that?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then, Mr. Chairman, we had the testimony of Mr. DeSchryver before the committee that he was forced to pay Mr. Presser \$5,000 in cash in Detroit for Mr. Presser to set up an organization there, an organization of employers and a union operation in order to keep out competition from outsiders; that Mr. Presser received \$5,000 in cash for performing that service.

Has Mr. Hoffa taken any action in connection with that?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Of Mr. Presser, however, DeSchryver stated at that time that "My best recollection of this is that there was a reference made to the union officials of Trumbull Avenue."

The question was asked whether Mr. Presser stated that he would have to pass this money on to anyone. Of course, as to the union officials at Trumbull Avenue, that is the headquarters of the Teamsters Union in Detroit.

Did Mr. Hoffa inquire into that matter, Mr. Prosser?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it a fact that Mr. Triscaro appeared before the committee in the same connection, and evidence was put into the record about his criminal record along with the fact that you had been convicted of a crime, and yet immediately following the hearings Mr. Hoffa went out and had his picture taken with you and Mr. Triscaro in the Ohio Conference?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The Chair presents to you a picture showing Mr. Hoffa, apparently yourself, and another person. Will you examine the picture and state if you identify it, please?

(A photograph was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you examined the picture?

Mr. PRESSER. Yes.

The CHAIRMAN. Do you identify the picture?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Which one of them do you think would tend to incriminate you; the one that you have your picture with, with two other people there? Which one do you think would be incriminating?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?

The picture will be made exhibit No. 9.

(Photo referred to was marked "Exhibit No. 9" for reference and may be found in the files of the select committee.)

TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. KENNEDY. On the amount of money to some of these individuals, Mr. Chairman, we have Mr. Salinger to testify on the loan that Mr. Presser made to the union.

The CHAIRMAN. You have been previously sworn?

Mr. SALINGER. I have, sir.

The CHAIRMAN. All right.

Mr. SALINGER. Investigations of loans made by Mr. Presser from the Cleveland Teamsters Credit Union, for the period April 1953 to April 1958, showed a total of such loans amounting to \$24,117.51. The interesting thing about these loans is that the security on these loans was a number of automobiles which, upon checking by us, were revealed to belong to the Teamsters Union.

In other words, he was putting up Teamsters Union automobiles as collateral on loans. One car belonged to Teamsters Joint Council 41. Another car belonged to Teamsters Union Local 293. Another car belonged to Teamsters Cab Drivers Union Local 555. The fourth car belonged to the Teamsters Joint Council No. 41.

The CHAIRMAN. Do I understand that for personal loans—

Mr. SALINGER. These were personal loans made by Mr. Presser from the Cleveland Teamsters Credit Union. The record shows that all of these loans have been repaid with the exception of the final one, in 1958. That is the record as of 1958. It may have been repaid by now.

The CHAIRMAN. The only thing about this is that when he wanted to borrow money, he used union property as collateral?

Mr. SALINGER. That is correct, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is that correct, Mr. Presser?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you authorized to do that by your union or by any of your organizations?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Could you honestly believe that if you engaged in such practice, it may be wrong?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything with reference to your previous testimony before the committee that you want to correct?

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I don't care whether you answer that or not. That is absolutely immaterial. I am just giving you the opportunity if you care to correct or change any of your previous testimony before this committee, I am giving you the opportunity to do it.

Mr. PRESSER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It doesn't matter to me whether it incriminates you or not. If you want the record to stand that way—I am trying to extend you the courtesy of making a correction, if you care to.

If you think making a correction might incriminate you, however, you may skip the opportunity to do it.

Proceed.

Senator KENNEDY. Mr. Presser, you are president of the Ohio Conference of Teamsters and president of Joint Council 41 of the Teamsters in Cleveland, Ohio, which is an extremely responsible position.

When you came before this committee the last time you took the fifth amendment and the day after, or 2 days after, on the weekend, I remember Mr. Hoffa went out to Ohio and made a speech, bitterly attacking the committee, and a ringing defense for you.

Now you come back before this committee again and you still continue to take the fifth amendment. We have these evidences of your misuse of union funds, your collusion with employers, which make you totally unfit to hold this responsible position. Yet there is no evidence at all that Mr. Hoffa has taken any action against you.

Quite to the contrary, he has associated with you and endorsed your activity and your actions in taking the fifth amendment, and your actions involving the misuse of union funds.

I think this is particularly unfortunate in view of the fact that you hold such an extremely significant position in Ohio, which is an extremely important industrialized State.

I think it involves your fitness to hold office and Mr. Hoffa's fitness to be president of the conference of which you are a member, as well as the president of the International Teamsters. This is not a question of a business agent of a small local. You are one of the most important figures in the Teamsters movement in the United States. Yet you come before us and take the fifth amendment.

This evidence is produced where you misuse funds, and tie up with employers. You won't give any explanation. Yet you continue to hold this position. Under your domination these organizations vote you \$20,000 each if you are severed from the union, and another \$20,000, bringing it up to a total of \$40,000, by the Ohio Conference of Teamsters.

That was at a meeting of Joint Council 41. That is in case you find your tie severed with the organization. If this is the kind of leadership which the Teamsters have, it is the reason that Congress ought to act in case of legislation, and I would hope that the monitors would act. It is not just you. It is the fact that Mr. Hoffa has endorsed your attitude and actions.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. Is that all?

The committee will stand in recess until 2:30 this afternoon.

(Members of the select committee present at the time of recess: Senators McClellan and Kennedy.)

(Whereupon, at 12:35 p.m. the select committee recessed, to reconvene at 2:30 p.m. the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2:30 p.m. in the caucus room of the Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan, Kennedy, and Ervin.)

The CHAIRMAN. All right, Mr. Hoffa, will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

**TESTIMONY OF JAMES R. HOFFA, ACCOMPANIED BY COUNSEL,
EDWARD BENNETT WILLIAMS**

The CHAIRMAN. Mr. Hoffa, you have previously appeared before the committee and been sworn. But in each particular series of hearings we administer the oath again. I mention that so that you will understand that this is routine, so far as administering the oath at each session is concerned.

You have with you the same attorney, Mr. Edward Bennett Williams. Let the record so show, Mr. Reporter.

All right, Mr. Kennedy.

Mr. WILLIAMS. Mr. Chairman, are these microphones transmitting voices beyond the room?

The CHAIRMAN. Let me ask or inquire. Is the radio service on?

I am advised that it is.

Mr. WILLIAMS. I asked the question because I read in the press in New York this morning that these proceedings were going to be broadcast and sponsored commercially.

On behalf of the witness, I object to this for these reasons:

One, it serves no legitimate legislative purpose to transmit these hearings beyond this room.

But over and above that, as was observed the last time we met in closed session, there is a grand jury sitting in the District of Columbia, convened by the Department of Justice, screening the testimony that this witness has heretofore given. I think the record will show that your counsel said the last time that he was sending these transcripts in a routine manner to the Department of Justice for use before that grand jury. Now, because of that, I will want to counsel with the witness during the course of his testimony and I do not relish the idea of counseling with him over a radio network.

I respectfully ask that the broadcast be terminated.

The CHAIRMAN. The Chair has with respect to television ruled, and I think the committee sustained him if it did come to a decision of the committee—I have taken the position, I may say, all along that anyone wanting to broadcast the hearings or desiring to televise the hearings as a matter of public service would have the right to do so, because the hearings are public. I have never felt that television or radio should be excluded if the press is to be present. They are all media of communication and provide news service.

I do not know about the sponsorship of the radio. How about that? I would like to inquire. That question has never been raised.

I have repeatedly held that the broadcasting or the televising should not be commercialized.

What information do we have about that?

Mr. KENNEDY. They are going to try to find out. Nobody knows.

The CHAIRMAN. All right, I will ask those in charge of the radio and television service to find out immediately.

The Chair has ruled on the position I am taking. I do not think that these proceedings should in any way be commercialized. I think all media of news services should have the same equal opportunity.

(At this point Senator Mundt entered the hearing room.)

The CHAIRMAN. All right, let us have order.

The Chair announced both to television and to radio services that the broadcasting or telecasting of these hearings live with a sponsor, a commercial sponsor, will not be permitted. The radio service and the television service are perfectly welcome, and you are permitted to broadcast and telecast any part of these proceedings as a public service.

The Chair and the committee will expect this admonition to be observed.

All right.

Is there anything further, Mr. Williams?

Mr. WILLIAMS. Yes, Mr. Chairman.

I wonder if we could be spared from this photography during the course of the testimony.

The CHAIRMAN. You certainly can. The photographers will refrain from taking any pictures during the course of the witness' testimony.

Under the rules of the committee, if the witness says that the taking of pictures, and so forth, distracts from his testimony, we do not permit it. That is particularly true if the witness is cooperative.

All right. Is there anything further?

Proceed.

Mr. KENNEDY. Mr. Chairman, we have had some testimony yesterday and this morning in connection with some of the individuals who are still Teamster Union officials, about whom we have had some testimony before the committee regarding their betrayal of union membership.

During the period of the operation of this committee, we have had some testimony regarding an individual by the name of Mr. Glenn Smith from Chattanooga, Tenn.

I might say, Mr. Chairman, that we have been trying to locate Mr. Smith in Tennessee, but we have been unable to do so. We expect to have him as a witness.

Mr. Smith was convicted and sentenced to the Illinois State Reformatory in Pontiac, Ill., for robbery, for a term of 1 to 20 years, on September 13, 1926. He was paroled on December 16 and released from parole on March 4, 1932.

On July 8, 1932, Smith started a second term in the Illinois State Reformatory in Pontiac for burglary and larceny. He was sentenced to a term of 1 year to life. He was paroled on May 3, 1935.

From 1936 to 1949 Smith served as a business agent for Teamster Local 236 in Paducah, Ky. In 1948 he was convicted for assault and battery in Marshall County, Ky., and on March 17, 1948, he was fined \$100.

In April 1949 he was indicted in McCracken County for malicious damage and destruction of property by the use of dynamite. He fled the area and was never tried on the charge. He left Paducah, Ky., and went to Chattanooga, Tenn., where he served as business agent and president of local 515 from 1949 to 1952.

On April 4, 1951, Smith, along with 12 other individuals, including H. L. Boling, who was secretary-treasurer of local 515, was indicted on a conspiracy charge growing out of a labor dispute.

We went into the activities of Mr. Glenn Smith, Mr. Chairman, in connection with certain dynamitings that took place in Tennessee, North Carolina, Louisiana, and certain other States.

We also went into the fact that we had information that Mr. Smith took some \$20,000 of union funds to fix a judge in Tennessee. The judge was fixed. Mr. Smith, when he appeared before the committee, took the fifth amendment. However, when he testified in the trial down in Tennessee, as well as before the State legislature, he admitted taking \$18,500 in order to fix the judge. The indictments were dismissed against Mr. Smith and against the other individuals.

Mr. Smith then was indicted on income tax evasion, following our hearings, on the ground that he took the \$18,500 and never paid any taxes on it. His lawyers made two defenses. One was that Mr. Smith was merely a conduit, that he took the \$18,500 to pass on to the judge, so that therefore he was just a conduit to the judge and, therefore, shouldn't have to pay taxes on it. Then, if that theory was not accepted, the second defense was that he embezzled the money, and therefore he shouldn't have to pay taxes on it because embezzled funds do not constitute income.

The CHAIRMAN. The Chair wishes to admonish the audience now. You are here as guests of the committee. This is a serious matter, an official matter, and your cooperation with respect to demonstrations will be appreciated. That is a request that I hope you will observe.

Mr. KENNEDY. Mr. Chairman, he was indicted, as I say, and ultimately convicted on this charge of income tax evasion. I might go back just a moment and say that the judge, Ralston Schoolfield, was impeached by the State legislature, although not on this count but on matters arising out of the hearings that we held.

I would like to ask Mr. Hoffa if the International Brotherhood of Teamsters paid the attorneys who made these arguments that, No. 1, Mr. Glenn Smith should not have to pay taxes on this money as he was merely a conduit to fix the judge, or, No. 2, that he embezzled the funds and therefore should not have to pay taxes.

I would like to ask Mr. Hoffa if union funds were used to defend Mr. Glenn Smith in this income tax case?

Mr. HOFFA. Insofar as the international union is concerned, I do not believe they paid the attorneys for Glenn Smith. I do believe that the Southern Conference of Teamsters did.

This is the best information that I have, and to the best of my belief and recollection it is the position at this moment.

Mr. KENNEDY. Do you approve of such expenditures?

Mr. HOFFA. I believe that a local union or a conference has a right, the same as any institution in the United States, by its board of directors or by its stockholders, and our members having the same rights as stockholders and owners and boards of directors, have a right if

they desire to expend moneys in their treasury for the defense of an official.

Mr. KENNEDY. Do you approve of such expenditures?

Mr. HOFFA. I absolutely do.

Mr. KENNEDY. Do you feel it is a proper expenditure of union funds to defend an individual who has admitted that he used the money to corrupt a public official; that is, that he used union funds to corrupt a public official?

Mr. HOFFA. Glenn Smith was not tried by the court on the question of corrupting a public official, but rather, he was tried on a question of income tax evasion. Therefore, so far as I know, the case that was defended by union funds was one which was a violation of the income tax law and not the question of corruption of a judge.

The CHAIRMAN. Let me inquire, Mr. Hoffa, do you approve or condone the action of the use of \$20,000 or several thousand dollars of union funds for the purpose of undertaking to fix a judge?

Mr. HOFFA. No, I do not.

The CHAIRMAN. You disapprove of it?

Mr. HOFFA. I disapprove of money being used for the purpose of bribing or trying to fix a judge.

The CHAIRMAN. Then why do you approve of the use of union funds to defend the man who is charged with not paying income tax on money he took for that purpose?

Mr. HOFFA. The man who was charged, Senator, he was charged with an income tax violation not involving the question of bribing a judge.

The CHAIRMAN. Involving money, was it not?

Mr. HOFFA. But the contention of the court and the Treasury Department apparently was that the money did not go to a judge or to anybody else, and apparently became income to Glenn Smith.

The CHAIRMAN. I can't quite get the consistency of your position. You say you condemn the use of the money for that purpose. But if the fellow takes the money, then you think it is perfectly all right for him to say, "Well, I took the money for that, but then, since I took the money, I stole it, I misappropriated it, or I was just a conduit, just an agent in passing it from the union to the judge. I shouldn't have to pay a tax."

You think it is all right, then, for the union to spend its money, the money of the dues-paying members, money in the treasury from that source, to defend a man taking that position, do you?

Mr. HOFFA. Senator, from what I know about the case, the membership and the executive board authorized the expenditure as a political expenditure, approved by the executive board and the rank and file.

If the executive board and the rank and file makes an approval of an expenditure brought to their attention, then I do not believe that there is any longer anything wrong with the question of such expenditure, providing it is used for a legal purpose, and apparently the membership authorized it for that particular reason.

The CHAIRMAN. You said "political purposes." You don't think using money to fix a judge is a political objective, do you?

Mr. HOFFA. I don't believe that is what was authorized by the members.

The CHAIRMAN. Apparently it was used for that purpose, according to the testimony of Smith, as I understand. He so testified.

Mr. HOFFA. The best that I can find out, Senator, is the fact that the individual he claimed that he gave the money to for that purpose denied that he had received any such money, and therefore it could have never been used for the purpose of bribing a judge.

The best evidence is that it was not used as a part of the impeachment proceedings against Judge Schoolfield.

The CHAIRMAN. If he didn't use the money for that purpose, evidently he stole it for some purpose, and therefore you spent union money defending him for the act.

Mr. HOFFA. I believe that the question surrounding this particular case is one where Glenn Smith still insists that it was used for political expenditure. The case is now upon a question, I believe, either of rehearing for a new trial or for a question of appeal, and until such time as the trial proceeds to a final conclusion have been brought about by the courts of Tennessee, I believe a man is innocent until finally proven guilty.

The CHAIRMAN. Evidently you think such conduct is worthy of your approval because you are obviously condoning the spending of a lot of money to defend Smith under these circumstances.

Mr. HOFFA. It is an entirely different question, Senator, than you asked me. Therefore, I answered it two different ways. One, I said if the membership approved and the executive board approved, whichever had the authority, or both, of an expenditure of money, that they were within their rights of making such an expenditure the same as a corporation board of directors or the stockholders of a corporation.

The other question you asked was concerning whether or not I approved of bribing an official, and I said I did not approve the bribing of an official.

The CHAIRMAN. Are you taking the position that a board of directors of a corporation would have a right to use corporation money to defend a man charged with stealing corporation money?

Mr. HOFFA. I don't believe the board of directors of the corporation, if it was put to them that way, would vote on the question. On the other hand, I do not believe that this was put to the executive board of the conference or the local union or the members in the way you are putting it because nowhere is there a question of Glenn Smith absconding with any funds of this union.

Senator ERVIN. Mr. Chairman—

Senator MUNDT. Mr. Chairman—

The CHAIRMAN. Just one thing further.

You put the question: Here is \$20,000 gone. You say a corporation might do the same way. I take the position that the board of directors of a corporation would have neither legal nor moral right to take money out of the corporation treasury and use it to defend a man who has stolen money from the corporation.

Mr. HOFFA. This is not the charge against Glenn Smith, sir. This is not the charge against him.

The CHAIRMAN. It is a technical charge. If he took the money out for the purpose that he said he took it out for and to use it for, it would be a misappropriation of union funds.

Mr. KENNEDY. Mr. Chairman, we had better get the record straightened out here.

In the first place, there is nothing in the minutes that indicates that the membership ever approved of this back in 1951 when the money was first taken.

Mr. HOFFA. Because this was an expenditure, sir, of the Southern Conference of Teamsters, if my memory recalls me right, and it was approved by the director who had the authority.

Mr. KENNEDY. No. 2, Mr. Chairman, and I read from page 16 of the memorandum in support of defendant's motion for a new trial or judgment of acquittal. This is the lawyer for Mr. Glenn Smith making this argument, that he should be acquitted on the charge of income tax evasion:

First, that defendant was a conduit who passed the \$18,500 to fix certain cases, and, secondly, even if the jury disbelieves his conduit defense and believes the Government's defense, the \$18,500 was misappropriated and not income.

That is what the Teamster Union attorneys are arguing for Glenn Smith and they are being paid out of Teamster Union funds. You support that?

Mr. HOFFA. I am supporting, Mr. Kennedy, exactly what I said.

And I would appreciate it, Senator, that when I make a statement that somebody does not try to ridicule the statement in regard to my answer, because I am here to answer questions, I don't believe I am here to be ridiculed.

The CHAIRMAN. You might permit us to draw some conclusions from the position you take, however. I believe we do that almost instinctively. I don't think you can expect to hear someone testify here and not have some conclusion about the subject matter.

Mr. HOFFA. Senator, I think it might be well that when such criticism is leveled at myself or anybody else that the entire case history, not just a paragraph, a sentence or a section, be taken out of context and read to prove a statement of somebody desirous to see a headline that Hoffa approved illegal expenditures. That is what I believe.

The CHAIRMAN. I expect to be accused of trying to get headlines and a lot of other things. But that will not discourage me from holding these hearings, I assure you.

Proceed.

Mr. KENNEDY. Have you taken any steps against Glen Smith to revoke his membership in the union?

Mr. HOFFA. Glen Smith is on a leave of absence, not working, to the best of my knowledge, for the organization. I do not know his whereabouts at this particular moment.

Mr. KENNEDY. Would you answer the question?

Mr. WILLIAMS. He answered the question.

Do not answer it again.

Mr. KENNEDY. Read the question back to the witness, please.

The CHAIRMAN. The question is has Mr. Hoffa taken any steps—

Mr. KENNEDY. To revoke the membership. He did not answer that question, Mr. Chairman.

The CHAIRMAN. I said the question was, Has he taken any steps to revoke the membership of Mr. Glen Smith? That is the question.

(The witness conferred with his counsel.)

Mr. HOFFA. I again repeat, Mr. Chairman, as I have told this committee many times, and I see Mr. Kennedy has the constitution in his hand, that he is very well familiar because his investigators have

been pretty busy, that this individual was tried in front of the executive board of his own local union, and I believe he was found innocent, and I believe that the membership, the executive board action, was taken to the membership of the local union, and the rank-and-file members attending that meeting upheld the action of the executive board. I believe that is what happened.

The CHAIRMAN. But in your position as president of the international union, you have taken no action?

Mr. HOFFA. There is nothing before the international union that the general president or the executive board of this international union has to process at this moment. If it comes, we will process it.

The CHAIRMAN. There is nothing before you; therefore, no action has been taken.

Mr. HOFFA. When it comes before us, we will process it in accordance with the constitution, and presently there is nothing in front of us.

The CHAIRMAN. I understand the way you are answering the question, but the question is: Have you taken any action? You say there is nothing before you, so I assume, therefore, you have taken no action. You have initiated no action as president of the international?

Mr. HOFFA. Because there is nothing in front of the executive board, sir.

The CHAIRMAN. Well, period. You have not; that is correct, is it?

Mr. HOFFA. Because there is nothing in front of the executive board, there has been no action taken.

The CHAIRMAN. Not because, but there isn't. You haven't taken any action. That is correct, isn't it?

Mr. HOFFA. Senator, under the constitution of our international union, there is a provision dealing with the question of charges.

The CHAIRMAN. Mr. Hoffa, there is no use dealing with this for hours. You say "because," and I say you admit there has been no action taken by you; is that correct?

Mr. HOFFA. I have, I believe, taken original jurisdiction of the minutes, or, rather, of the charges filed in front of the local union executive board, and I had a trial panel go out into that area and conduct an investigation. That investigation has not been completed, and no final report sent to the international union pending the outcome of the appeal of Glenn Smith.

The CHAIRMAN. Then you have taken that much action; is that correct?

Mr. HOFFA. I have taken investigating action; yes, sir.

The CHAIRMAN. That is what we asked you in the beginning. You said because you hadn't, because there hadn't been such-and-such a thing—you have taken investigative action; is that correct?

Mr. WILLIAMS. Excuse me, Mr. Chairman.

The CHAIRMAN. All right.

(The witness conferred with his counsel.)

Mr. HOFFA. So there will be no question, and apparently there is, the international union, under my direction, appointed a panel to hold an investigation. That investigation is not yet completed, and a final report not turned in yet.

In the meantime, Glenn Smith is not serving in a capacity as an official of this local union and is subject to the appeal of the courts.

The CHAIRMAN. When was the panel appointed, Mr. Hoffa?

Mr. HOFFA. I would imagine, and I am guessing now from memory, 3 or 4, 5 months ago. I am not quite sure. Maybe longer than that. I think maybe even longer than that. Maybe even in November, as far as I think. I think it came up at the December board meeting.

The CHAIRMAN. The committee's information is that it was last October 28.

Mr. HOFFA. That could be very conceivable.

The CHAIRMAN. Is that about correct?

Mr. HOFFA. It could be. I believe it came up at the December board meeting.

The CHAIRMAN. Has there been any interim report made by the board that you appointed to investigate?

Mr. HOFFA. I had a letter from the chairman of that committee, pointing out that they are getting additional information. I believe he brought me up to date to where we are currently with the case. I think Mr. Kennedy has the records in his possession concerning the report of that chairman.

The CHAIRMAN. I originally asked you the question had there been any action taken. I understood from your first answer there had not been. Now we find that a board has been appointed some 8 months ago to pursue the matter. Am I correct now in that understanding?

Mr. HOFFA. The board is investigating and has been investigating.

The CHAIRMAN. All right.

All right, Mr. Kennedy.

First, do you know when Mr. Smith was suspended?

Mr. HOFFA. Offhand, I don't. I believe it was prior to the December meeting. Yes; I believe it was. I don't believe he was an officer while the hearing of the international panel took place. I think he left prior to that time, right after his conviction.

The CHAIRMAN. Are we to understand from your testimony now that he is not an officer of the union any more?

Mr. HOFFA. He is on leave of absence. He is not acting in an official capacity as an officer, pending his appeal.

The CHAIRMAN. His official position has not been revoked?

Mr. HOFFA. Pending an appeal.

The CHAIRMAN. You just put him on an inactive status for the present?

Mr. HOFFA. Pending appeal, the final conclusion of his case.

The CHAIRMAN. I don't say any "pending appeal," but he is at present in an inactive status?

Mr. HOFFA. I believe he placed himself on the inactive status, since I did not place him there. But it has been brought to my attention that he is on inactive status.

The CHAIRMAN. But not so inactive that he does not draw his salary?

Mr. HOFFA. I do not believe he draws any salary at this time from the local union.

The CHAIRMAN. And has not since he went on the inactive status?

Mr. HOFFA. I do not believe so. I know Mr. Kennedy has the records. He can answer that better than I, sir.

Mr. KENNEDY. We can put those in, sir. It might be well to put those in.

Who was chairman of this board that investigated?

Mr. HOFFA. I believe John T. O'Brien, if I am not mistaken.

Mr. KENNEDY. Could I call Mr. Duffy, Mr. Chairman?

The CHAIRMAN. Come forward, Mr. Duffy.

TESTIMONY OF LaVERN J. DUFFY—Resumed

The CHAIRMAN. Mr. Duffy, you have been previously sworn, have you?

Mr. DUFFY. Yes; I was, Mr. Chairman.

TESTIMONY OF JAMES R. HOFFA—Resumed

Mr. KENNEDY. Mr. Hoffa, just let me ask you a question.

Were Mr. Smith and Mr. Boling suspended?

Mr. HOFFA. I believe that Boling is driving a truck at this particular moment, to the best of my information. I don't know what Smith is doing.

Mr. KENNEDY. Have they been suspended?

Mr. HOFFA. Boling is not suspended. Since Boling is working under a union-shop contract, necessarily to provide a livelihood for himself he needs his union book where there is a union shop concerned.

Mr. KENNEDY. I am asking if he has been suspended as an officer, Mr. Hoffa.

Mr. HOFFA. I do not believe from what I know, and I am guessing now what I am telling you, and what I pick up, but I believe that Boling and Smith both are out as officers on suspension, or on leave of absence.

Mr. KENNEDY. They took leave of absence?

Mr. HOFFA. Yes; I am quite sure. I don't think Boling now, and I think you have the record, I don't think Boling now is an officer even on leave of absence. I believe Boling left, if I am not mistaken, from his official position.

Isn't that correct, Mr. Kennedy? You have the records.

Mr. KENNEDY. Yes; we do. What concerns me is that the attorney for the International Brotherhood of Teamsters assured the court in November of 1958 that both Mr. Boling and Mr. Smith were suspended. I refer to page 833.

The CHAIRMAN. Smith?

Mr. KENNEDY. Both Mr. Smith and Mr. Boling—

Notwithstanding the fact of the recommendations of the board, charges were preferred against Boling and Smith and they were preferred at the international level. They were suspended.

That is on November 13, 1958, on page 833.

Mr. Duffy, do we find from an examination of the records that Mr. Boling and Mr. Smith were, in fact, suspended?

TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. I would like to read from the special call—

Mr. KENNEDY. Would you just answer the question and then read?

Mr. DUFFY. They were not.

Mr. HOFFA. Senator, may I ask a question, first, sir, for clarification?

The CHAIRMAN. Yes, you may.

Mr. HOFFA. What time is he talking about now in regard to whether or not they took a leave of absence or suspension?

Mr. KENNEDY. We will get into that.

What documents do you have before you, Mr. Duffy?

Mr. DUFFY. A special call meeting of the executive board of the Teamsters Union Local 515, Chattanooga. I am reading from the minutes of January 6, 1959.

The CHAIRMAN. You have identified it. Is that a copy of the minutes that you have, or is it the original?

Mr. DUFFY. A photostatic copy, Mr. Chairman.

The CHAIRMAN. Did you get the original in the course of your investigation, or did you only take a photostatic copy of them?

Mr. DUFFY. They wouldn't give me the originals.

The CHAIRMAN. But you were permitted to make a photostatic copy and that is what you are testifying from?

Mr. DUFFY. That is correct.

The CHAIRMAN. That photostatic copy may be made exhibit No. 10. (Document referred to was marked "Exhibit No. 10" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Let's get this straight first. These are the minutes of January 6, 1959; is that correct?

Mr. DUFFY. Correct.

Mr. KENNEDY. Whom does it list as the officers of the local as of that time?

Mr. DUFFY. Brother Glenn Smith, president.

Mr. KENNEDY. Mr. Glenn Smith was president in January 1959?

Mr. DUFFY. Yes. Mr. Boling, secretary-treasurer.

Mr. KENNEDY. Do you find any time prior to that, from an examination of the records, that Mr. Smith or Mr. Boling were suspended?

Mr. DUFFY. They were not.

Mr. KENNEDY. Yet the court was assured that they had been suspended?

Mr. DUFFY. In November they were assured that they had been suspended.

The CHAIRMAN. What date was the matter before the court?

Mr. KENNEDY. On November 13, 1958, Mr. Chairman.

The CHAIRMAN. Have you examined that record, Mr. Duffy, the court record?

Mr. DUFFY. I have, Mr. Chairman.

The CHAIRMAN. What do you have with respect to it, documentarily speaking?

Mr. DUFFY. There is no reference to that court action whatsoever in these minutes.

The CHAIRMAN. I am not talking about the minutes of the meeting. What documents do you have with reference to the court action from which you are testifying or can testify?

Do you have a transcript of the court proceedings about which you are testifying?

Mr. DUFFY. I have, Mr. Chairman.

The CHAIRMAN. All right. The transcript, for purposes of reference, may be made exhibit No. 11.

(Transcript referred to marked "Exhibit No. 11" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Now, you may testify as to the contents of it.

Mr. KENNEDY. First, you are going to go into what was said during the court case, and then go into the minutes.

The CHAIRMAN. What do you find there with reference to the court case in which Glenn Smith and Boling were involved, or reference was made to them?

Mr. DUFFY. I quote from pages 368-369 of the court case, U.S. district court, *Cunningham v. English*. Mr. Williams was questioning. I will read that exchange.

The CHAIRMAN. What are you reading?

Mr. DUFFY. U.S. district court case in Judge Letts' court.

Mr. KENNEDY. The monitors' case?

Mr. DUFFY. Yes.

Question: Now, with respect to Boling and Smith, about whom there was some testimony here, was an order of recommendation issued on their case?

Answer: Yes, sir; that would have been order of recommendation No. 19, which was issued on August 19, 1958.

Question: That is in evidence as a petitioner's exhibit, and does that likewise direct that charges be filed against Boling and Smith in Tennessee?

Answer: Yes, sir.

Question: Does it likewise recommend that Boling and Smith be suspended pending disposition of the charges?

Answer: It does.

Question: Was there a dissent filed by Monitor Wells in this case?

Answer: There was; yes, sir.

Question: Before going into that, have Boling and Smith been suspended?

Answer: They have been suspended.

Question: Have charges been preferred against them?

Answer: Charges have been preferred.

I think that is sufficient.

Mr. KENNEDY. That was on November 7, 1958?

Mr. DUFFY. Yes.

Mr. KENNEDY. And this is November 13, 1958, that you are reading now?

Mr. DUFFY. This is also U.S. district court, Mr. Williams making a summary statement:

Mr. WILLIAMS. With respect to Boling and Smith: At the time, Your Honor, that the request come from the Board of Monitors, charges had been preferred at the local level. The local had tried to seize jurisdiction, because they didn't want charges to come from the International; and apparently in an effort to thwart the taking of jurisdiction by the International, charges were preferred against Boling and Smith at their own executive board level.

Notwithstanding that fact, at the recommendation of the Board, charges were preferred against Boling and Smith, and they were preferred at the International level. They were suspended; a board was sent in to hear those charges. Boling and Smith went into court, and they sought to enjoin the hearing. They succeeded in getting a temporary restraining order, Your Honor, but counsel from the International went in to Tennessee, resisted this, and succeeded in winning the case, so that the hearing could go forward. The hearing has gone forward, and it is now completed; the evidence has been taken, and we are awaiting the decision of the panel.

The CHAIRMAN. What date is that that the hearing had been completed and awaiting the decision of the panel?

Mr. DUFFY. November 13, 1958.

The CHAIRMAN. I thought you said, Mr. Hoffa, it was still in progress.

Mr. HOFFA. The last information I have from the panel said it was, to the best of my recollection, and I am recalling from memory. Mr. Kennedy has a copy of it. He ought to read the report.

The CHAIRMAN. That is the report to the court.

Read that again.

What is the report to the court back on November 7, 1958, about these charges against Smith and Boling? What disposition had been made of them?

Mr. DUFFY (reading). The case is going forward and the hearing is now completed. The evidence has been taken and we are waiting the decision of the panel.

The CHAIRMAN. Who composes the panel?

Mr. HOFFA. I believe John T. O'Brien, Frank Fitzsimmons, I think, and I am not sure, maybe Gordon Conklin, of St. Paul, Minn.

Mr. KENNEDY. That is Mr. Carl Mamango?

Mr. HOFFA. No.

Mr. KENNEDY. He wasn't on it?

Mr. HOFFA. No. Fitzsimmons, O'Brien, and Conklin, I am quite sure—O'Brien acting as chairman.

Mr. KENNEDY. Do we have a letter there indicating—

Mr. HOFFA. Yes, you have it.

Mr. KENNEDY. I will try to find it.

Mr. HOFFA. Thank you.

Mr. KENNEDY. We can find that, Mr. Chairman.

We will come back to that.

Senator ERVIN. While you are looking for that, I would just like to make this observation to Mr. Hoffa, who I do not believe is a lawyer.

In my judgment as a lawyer, your analogy to the action of a corporation's board of directors is not relevant. If the officer of a corporation is indicted for evasion of personal income taxes, it would not be legal for the directors of the corporation to authorize his defense. It would be an illegal act for which they can be held personally responsible.

Mr. HOFFA. Senator, I am not a lawyer, but I am sure that the stockholders have a perfect right to issue a bonus or some other method of paying for the legal fees, if they want to.

Senator ERVIN. Not except by unanimous consent.

Mr. HOFFA. This, I believe, was unanimous in our meeting, and it was the same thing.

Senator ERVIN. What meeting acted on this?

Mr. HOFFA. I believe it was a meeting of the membership of the local union, from the best information I have, that approved the actions of the executive board. I believe in the first instance it was the action of the director of the Southern Conference, who is presently dead—Mr. Gale Murin.

Mr. KENNEDY. Which case are you talking about? Are you talking about the use of the money initially?

Mr. HOFFA. The Senator raised the question concerning what I said about corporation stockholders as compared to our executive board, and the question of the membership on a comparable basis, of whether or not they could authorize expenditures of funds of their organization.

Mr. KENNEDY. For the fixing of a judge?

Mr. HOFFA. That isn't what the Senator said.

Mr. KENNEDY. Is that the case you are talking about? Could I get that clear?

Senator ERVIN. I was asking him about authorization, about the expenditure of union funds to defend Smith upon the charge of income tax evasion, which was, of course, clearly a defense of an accusation of a personal crime which had no legal relationship whatever to the union.

Mr. KENNEDY. Mr. Duffy, from a review of the minutes of 1957—first, does it show that Glenn Smith was president and Boling secretary-treasurer all during 1957?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Even during this period of time when it was stated before the court, in Judge Letts' court, during 1958—even though it was stated to Judge Letts' court that he had been suspended in November?

Mr. DUFFY. That is correct. He was on the payroll.

Mr. KENNEDY. All during 1958 both Glenn Smith and Boling were officers?

Mr. DUFFY. Right.

Mr. KENNEDY. Then on January 6, 1959, they took some action; is that right?

Mr. DUFFY. That is right.

Mr. KENNEDY. Would you read the minutes?

Mr. DUFFY (reading):

Special called meeting of the executive board, January 6, 1959.

Brother Carmichael told the executive board we all know and are well aware of the trial going on in Nashville, Tenn. Brother Smith and Brother Boling have been through a lot and are under a lot of pressure and strain for the past several months.

Brother D. L. Campbell made motion to give Brother Smith and Brother Boling a 6-month leave of absence with full pay in advance.

The CHAIRMAN. What?

Mr. DUFFY. Six months leave of absence with full pay in advance.

The CHAIRMAN. Full pay in advance?

Mr. DUFFY. Correct.

I might say, Mr. Chairman, that on January 6 I think the jury went out on his income tax trial, and on January 7 he was convicted for income tax evasion. So the night before they authorized this expenditures.

The CHAIRMAN. All right.

Mr. DUFFY (reading):

Brother Sneed seconded the motion and the motion carried unanimously.

The CHAIRMAN. Are you reading from the minutes I have made an exhibit?

Mr. DUFFY. That is correct.

Brother Carmichael stated that the minutes of the regular monthly meeting held on March 4, 1958, that the funds of local union 515 may be used in any way necessary to protect any of its members, agents, or officers who may become involved in any trouble connected with the union activities in accordance with that meeting of March 4, 1958. We need to borrow \$5,000 from the Southern Conference of Teamsters to assist in the cost of the trial by Brother Smith and Brother Boling.

Motion made by Brother Campbell to borrow \$5,000, to pay back \$500 per month.

The motion was seconded by Brother Sneed. Motion carried unanimously.

Mr. KENNEDY. Then did Mr. Glenn Smith receive his 6 months salary in advance?

Mr. DUFFY. Yes.

Mr. KENNEDY. Identify the check.

Mr. DUFFY. Check No. 11947, dated January 8, 1959, from the Truck Drivers and Helpers Local 515, signed by Mr. Glenn Smith, president, H. L. Boling, secretary-treasurer. The sum is for \$5,129.80. I might read what is on the check:

Payroll period January 16, 1959, to July 10, 1959, 6 months leave of absence, recommended at executive board, approved by regular meeting January 6, 1959, salary \$6,110, withholding \$980.20; net \$5,129.80.

Mr. KENNEDY. What period of time does that take him through?

Mr. DUFFY. Through next month, July 10 of next month.

Mr. KENNEDY. So he has received his salary in advance for all this period of time?

Mr. DUFFY. That is correct.

Mr. KENNEDY. He was never suspended. He just took a leave of absence and got his salary in advance?

Mr. DUFFY. That is correct.

Mr. KENNEDY. What happened as far as Mr. Boling?

Mr. DUFFY. Mr. Boling took over the local.

Mr. KENNEDY. Mr. Boling—they told the court that Mr. Boling had been suspended?

Mr. DUFFY. Well, he hadn't been. Do you want me to read those minutes?

Mr. KENNEDY. Yes.

Mr. DUFFY. This is a special called meeting of the executive board of local 515, January 20, 1959.

The purpose of this meeting is to discuss with the executive board the condition that presently exists due to the president and business manager being granted a leave of absence, and due to him accepting the leave of absence, based upon his recent conviction of income tax pertaining to the indictments of 12 members of local 515 in 1951, and the payment of \$18,500 to have these indictments quashed.

Mr. KENNEDY. Read that again, please.

Mr. DUFFY (reading):

Tax pertaining to the indictments of 12 members of local 515 in 1951, and the payment of \$18,500 to have these indictments quashed.

Mr. KENNEDY. That is right in the minutes?

Mr. DUFFY. Yes.

After a general discussion of the executive board it was discussed that due to the uncertainty of Brother Smith's status of income tax evasion and probably that this matter may be cleared up whereby Brother Smith could return to his job, and due to the short time remaining in his unexpired term, that the executive board appoint Brother Boling as president and business manager for the unexpired term; William A. Test as secretary-treasurer for the unexpired term, and Brother George Hicks, Jr., as recording secretary for the unexpired term, with the understanding that any time before the end of the unexpired term, that Brother Smith has his legal difficulties clear away, he shall return to the same position as before he left.

It is the recommendation of the executive board to the general membership for approval of the executive board action.

Motion was made by Brother Carmichael and seconded by Brother Silas Calahan, trustee.

Mr. KENNEDY. So Glenn Smith took the leave of absence, got 6 months' salary in advance, and turned the local over to Boling, who was supposed to be suspended, but Boling took over the local; is that correct?

Mr. DUFFY. That is correct.

Mr. KENNEDY. With the understanding that when Smith's legal difficulties were resolved, he could come back and take over his old position?

Mr. DUFFY. That is correct.

The CHAIRMAN. The photostatic copy of the check about which you have testified, may be made exhibit No. 12.

(Check referred to was marked "Exhibit No. 12" for reference and will be found in the appendix on p. 19125.)

Mr. DUFFY. Could I read some more minutes? This is a special called meeting of local 515 on January 20, 1959.

Meeting was called to order by Brother Glenn Smith at 7 p.m. The purpose of this meeting is growing out of the indictment of 12 members of local 515 by spending \$18,500 we were able to get the indictment quashed.

The CHAIRMAN. What was that?

Mr. DUFFY (reading):

The purpose of this meeting is growing out of the indictment of 12 members of local 515 by spending \$18,500 we were able to get the indictment quashed.

This is in the minutes of the meeting. Apparently they were written by Mr. Smith.

Eight years later Brother Boling and myself were indicted on income tax evasion. Brother Boling was acquitted. I was convicted. I have an appeal in for a new trial. How long it will be, I don't know. At this time, I have been under a lot of pressure, also Brother Boling. As you know, I am on a leave of absence, and I would like to see this local left in good hands. I hope to return soon, and, again, I may never return. If I get my legal difficulties cleared away, I will return to my job. I will also be a candidate for reelection the last of this year, if my problems are cleared up. If not, I will not run for office again.

At this time, I will ask that the executive board meeting minutes be read which were held on January 20, 1959.

Motion was made to accept the reading of the minutes of the executive board.

Motion was made by Brother James; seconded by Brother Carter.

Mr. HOFFA. Is he now saying that the minutes of the executive board were read to the rank and file? Is that what he is referring to?

The CHAIRMAN. You refer there to some minutes being read; is that correct?

Mr. DUFFY. That is correct.

The CHAIRMAN. What you are reading now are the minutes of a rank-and-file meeting, are you?

Mr. DUFFY. This is a special called meeting.

The CHAIRMAN. A special called meeting?

Mr. DUFFY. It is not a regular meeting.

The CHAIRMAN. Not a regular meeting, but a special meeting called?

Mr. DUFFY. Right.

The CHAIRMAN. And these minutes of the executive board of January 6 are now being read on January 20 to a membership meeting, a special called membership meeting; is that correct?

Mr. DUFFY. That is correct.

The CHAIRMAN. Does that clear it up?

Mr. HOFFA. Yes.

Mr. DUFFY (reading) :

Motion made by Brother James and seconded by Brother Carter. The ayes carried unanimously.

Brother Smith said he wanted to thank all the members for the confidence they had in him and he was sure the local was left in good hands.

Brother Boling said he would do the best he could with the local.

For the record, I am not going to take my leave of absence at this time.

Motion made and seconded to adjourn, at 8:20 p.m.

W. A. TEST, *Recording Secretary*.

Mr. Test was one of the individuals indicted in 1951, I might say. A number of these other individuals that made motions at the meeting were also indicted.

Mr. KENNEDY. How much money was involved in the legal fees and in the salary?

Mr. DUFFY. Attorney fees for Glenn Smith and Boling paid from Teamster funds, total amount, \$16,473.07.

Mr. KENNEDY. How much of that came out of the Southern Conference of Teamsters?

Mr. DUFFY. Well, I can only tell you the attorneys who received the fees.

Mr. Cecil Branstetter, Nashville, Tenn., received \$5,150; Mr. Stanley Rosenbloom, tax attorney, St. Louis, received \$10,100; Mallinax, Wells & Morris, a law firm in Dallas, received \$1,223.07.

Senator KENNEDY. Mr. Hoffa, any of this information which has been coming out now, did you know that before now?

Mr. HOFFA. Senator Kennedy, this is a local union affair, with rank-and-file participation in a democratic fashion, conducting the affairs of an autonomous local union. Unless it was brought to the attention of the general president or the international union, we would have no way of knowing such information, and presently to my knowledge there is no such information transmitted to the international union.

Senator KENNEDY. In other words, what has been read here today by Mr. Duffy is news to you, in regards, for example, to his compensation in advance?

Mr. HOFFA. I didn't know until we appeared here today that he had received advance salaries. However, the rank and file, acting in democratic fashion apparently approved, from the minutes, the action taken by the executive board.

Senator KENNEDY. As I understood it, Mr. Hoffa, some time ago this afternoon you stated that he had taken leave of absence without—I understood you to say he took leave of absence without compensation. Had that been your impression until now?

Mr. HOFFA. I understood he had taken leave of absence. I did not say without compensation, because I assumed automatically it would be as such.

Senator KENNEDY. That he would be what?

Mr. HOFFA. Without compensation. I did not know until this time that he was compensated.

Senator KENNEDY. Was not this case—and perhaps Mr. Williams knows something about it—was not the case of Mr. Smith discussed in the court of Judge Letts and the question of whether the international assumed jurisdiction over this matter rather than the monitors?

Did that come before Judge Letts, and was there some exchange between Judge Letts and Mr. Williams on this matter?

Mr. WILLIAMS. Are you asking me, or Mr. Hoffa?

Senator KENNEDY. I will ask you.

Mr. WILLIAMS. Yes; this case did come before Judge Letts. It came before Judge Letts because the monitors had recommended that the president of the international union take original jurisdiction and press charges against Smith and Boling.

The local union, in an effort to circumvent the jurisdiction of the international, and in an effort to thwart the monitors, had taken jurisdiction itself, and they had charged Smith and Boling with a number of offenses and had proceeded to try them; notwithstanding that fact, the international union did take jurisdiction, and it took jurisdiction a short time before this case went to trial, late one afternoon.

Three men were appointed and they were suspended as we represented to the court. How they circumvented that suspension, I don't know. But it was news to me that they were sitting in office, notwithstanding that suspension when it was read here this afternoon by Duffy.

We were under the impression that they were not serving at the time that those representations were made, because they were, in fact, suspended by the international union.

Senator KENNEDY. May I ask you, Mr. Williams—

Mr. WILLIAMS. I would like to finish, Senator, since you asked me about this case.

It is my understanding, and I have only hearsay information on this, that a panel went down to Tennessee and heard the evidence, and that the hearing was completed in November of 1958, and that the panel decided not to issue their decision until the court, which was processing the charges against Smith and Boling, should arrive at its decision, notwithstanding the fact that I understand they have been ready for some time to hand down their decision, but didn't want to influence the court of law before which Smith and Boling were being tried.

Senator KENNEDY. When did the court act?

Mr. WILLIAMS. The court has not yet acted, as I understand the situation, Senator, on the motion that is still pending for a judgment of acquittal, notwithstanding the jury verdict.

It is further my understanding—

Senator KENNEDY. The jury verdict found them guilty, but there is an appeal, and the panel decision is not to make any report, even to Mr. Hoffa on this matter?

Mr. WILLIAMS. They don't report to Mr. Hoffa. I believe they report to the general executive board. It is my understanding that they will report as quickly as the judge acts on the motion pending before him.

Senator KENNEDY. It seems to me that we have a case here where the international has assumed some jurisdiction, where they appointed a panel last October 28, where the impression is given that this man, because of his involvement with the law has been given a leave of absence.

Now we find out that first the panel is withholding making any report at all to the governing authorities of the Teamsters; that the local union has chosen to circumvent the spirit and the letter of your commitment to Judge Letts in regard to the international's jurisdiction, and, instead, has assumed, in a sense, a jurisdiction by giving him a leave of absence with pay in advance.

Mr. WILLIAMS. I didn't hear anything about the international giving anybody a leave of absence with pay in advance.

Senator KENNEDY. I said the local.

Mr. WILLIAMS. These men stepped out of office and we learn now that their local had voted them salary for 6 months.

Senator KENNEDY. Isn't it a fact that you assured Judge Letts that the international was assuming jurisdiction, that you appointed a committee and the committee had been sitting for 7 or 8 months, and that it has made no report at all, private or public, to the executive committee of the Teamsters organization?

Mr. WILLIAMS. I don't think I understand your question.

Senator KENNEDY. Is it a fact that this committee has been appointed by the general executive board that was appointed in October, that actions of the kind described here in the minutes, such as the pay in advance for 6 months at a time when he was involved in very serious legal difficulties, was made after the international had assumed the jurisdiction in accordance with an agreement with Judge Letts, that this committee has been examining the matter now for 7 months and has not made any kind of a report to the general executive board, and, in fact, has not assumed jurisdiction?

Mr. WILLIAMS. Senator, I don't think that is one question. It is several questions.

Senator KENNEDY. It is a statement. I would be glad to have you correct it.

Mr. WILLIAMS. It is a statement with many facets. At the time I told Judge Letts that the international had assumed jurisdiction it had, and it had assumed it for about 2 weeks prior to the time I made the statement.

A panel, as I understand it, heard the evidence. Charges were filed at the recommendation of the monitors. I am not sure that the charges were well drawn, but they were drawn at the request and at the suggestion of the board of monitors.

Thereafter, that board did not act for reasons which apparently were sufficient unto itself. Whether they were good or not, I am not prepared to debate with you. They apparently felt that they should not act on this matter while it was in a court of law, lest they would influence detrimentally to these members the outcome of the court decision.

So they haven't acted, although as I understand it they have long since completed their hearings.

This may not have been a course of wisdom. It may not have been one that you would have chosen, Senator. It may not have been one that I would have chosen. But they did this, and they have not acted.

But I understand, and have been assured, that they are going to act as soon as the judge in Knoxville hands down his decision.

But the last facet of your statement is this: This was not a cause for alarm to anyone for the reason that it was always the understanding of the international that these men were not serving in office. It turns out here today that they were not, although they were given 6 months advance pay.

Again, this may not have been the way I would have handled it, and I am sure not the way you would have, but this is what the local voted. We learned about it for the first time this afternoon from these minutes, or at least I did and Mr. Hoffa did.

MR. KENNEDY. From whom did you receive the information, Mr. Williams, that they were suspended?

MR. WILLIAMS. A letter was sent out suspending them. That is my recollection. I can't dip back 8 months. If you would tell me, Mr. Kennedy, a day before we come up here, the subjects on which you propose to interrogate the witness, we could produce the necessary documents to aid you in your legislative purpose.

MR. KENNEDY. What I want to find out is who told you and you in turn told the court they were suspended.

MR. WILLIAMS. Since you choose to keep secret those subjects about which you are going to ask the witness, it becomes a little more difficult for us to give you answers on things that are 8 months old.

But these men, according to my recollection now, and according to my recollection which was very fresh then, were suspended by act of the international office.

MR. KENNEDY. How were they suspended?

MR. WILLIAMS. By letter.

MR. KENNEDY. You sent a letter to them suspending them?

MR. WILLIAMS. I didn't do anything. I don't have the power to suspend anyone.

MR. KENNEDY. Who told you?

MR. WILLIAMS. I don't recall. Probably one of the lawyers working for the international union either out of my office or out of the international office.

MR. KENNEDY. Is it permissible under the Teamster constitution for the international president to write to local officers and tell them they are suspended?

Is that all you have to do?

MR. WILLIAMS. Do you have a copy of the letter that was sent to them? I am sure it is among all the documents that have been subpoenaed.

MR. KENNEDY. Yes, I do.

Senator ERVIN. While this interruption—

The CHAIRMAN. Mr. Williams, while you are not a witness, but a conversation between committee counsel and the members of the committee and you, here are the letters, I think, that you referred to. Examine them and see if those are copies of them.

(The documents were handed to Mr. Williams.)

MR. WILLIAMS. Here are two letters, dated August 28, 1958, both of which letters were written prior to the time that this discussion took place before Judge Letts, which was alluded to here this afternoon, and both of these letters are signed by the president of the union, and both of them suspend the two addressees, namely Boling and Smith, from office—

Senator MUNDT. Mr. Williams, when you said the president of the union, did you mean Mr. Hoffa? Who signed them?

Mr. WILLIAMS. If you are going to ask questions, I would like the opportunity to answer them.

Senator MUNDT. Who signed the letters?

Mr. WILLIAMS. Mr. Hoffa signed them.

Senator MUNDT. Thank you.

Mr. WILLIAMS. The letters read as follows:

At the request of the board of monitors, and in view of your admission that you used \$20,000 of the union's money in an attempt to bribe a local judge in a criminal case, I am forthwith suspending you from the office of president until the determination is made on the charges which will be preferred against you in the very near future.

A copy of these charges will be mailed to you as soon as they are ready.

Then you asked me about the authority for the president to suspend.

Article 18, section 1, which I suppose was the section relied upon by the board of monitors——

Mr. KENNEDY. Find out what that says. What is the authorization in there?

Mr. WILLIAMS. You have a copy.

Mr. KENNEDY. Where does it say in there that all that is necessary, all that is incumbent upon the international union, is to send a letter? Where does it say that that suspends a local officer?

Mr. WILLIAMS. It says so, Mr. Kennedy, in section 1(d).

Senator KENNEDY. In other words, Mr. Williams, if I may ask the question, you believe it is constitutional, according to the Teamsters Union, when the president of the Teamsters Union finds that an officer has been charged with a serious offense, that he is empowered to suspend that officer?

Is that your judgment?

Mr. WILLIAMS. I will read the section to you. You can make your own judgment on it.

Upon filing of charges and if the same are of such magnitude and seriousness as to jeopardize the interest of the local union or the international union then, in that event, the general president, if the matter is brought to his attention, may, if he deems it advisable, immediately suspend such member or officer from membership or office in the local union until a decision has been rendered in the case.

Senator KENNEDY. That seems quite clear. I would like to know if you agree or if that is your statement, that the president is empowered to remove, suspend an officer when he feels that the conduct of the officer is of such magnitude and seriousness as to jeopardize the interests of the union. Then the president, merely in his action, may suspend such officer?

Mr. WILLIAMS. If there are charges pending and they meet the requirements of this section, then in his discretion he certainly may suspend.

Senator KENNEDY. He may make the judgment as to whether they do meet the requirements?

Mr. WILLIAMS. Somebody has to make the judgment, and the constitution gives it to the president.

Senator KENNEDY. In other words, then, Mr. Hoffa, it is possible for you—we have had a good many witnesses in the last 2 days, many of whom took the fifth amendment in regard to what they have done

with union funds, with regard to conflicts of interest and so on—if you felt, to use the language of the constitution, that these charges are of such magnitude and seriousness as to jeopardize the interest of the local union or the international union, you could suspend them all; is that correct?

Mr. HOFFA. I think you are overlooking the fact that the question here of charges does not mean public charges, but it means charges against an individual filed from a local union level, not filed from the Senate committee or from the newspapers.

Senator KENNEDY. In other words, though, if any member of the local union, members of the local union, or a group of members of the local union, institute charges against a union officer, then you would have the power to suspend such an officer, if you felt the charges were of the seriousness and magnitude?

Mr. HOFFA. I think that first of all it would have to be determined whether or not they were charges brought in good faith, whether or not they were substantiated charges, whether or not they were charges, as such, that should be heard on the local level or on the international level, and after all those determinations are made the general president could then decide whether or not this provision prevailed.

Senator KENNEDY. In other words, though, you must make the judgment as to whether all those conditions prevail?

Mr. HOFFA. Based upon that fact, not fiction.

Senator KENNEDY. The fact is, Mr. Hoffa, you do have the power to move against all of these officers if you choose to do so from Mr. Presser on down, who took the fifth amendment here this morning, taking the fifth amendment on a number of serious questions. You do have the power if any member of that local or members of that local instituted charges against him. You would have the power to suspend him; isn't that correct?

Mr. HOFFA. I have the authority and power under the constitution to carry out the provisions as prescribed by the convention. But before exercising that power, it is necessary to take each individual case, and based upon the merits of that particular case factually after having the individual being given an opportunity to answer charges that are filed against him, if it is then determined that it is necessary to remove him from office, there is authority granted the general president under the constitution.

Senator KENNEDY. How many of the witnesses who come before this committee in the last 2½ years, officers of the Teamsters, who have taken the fifth amendment or who have admitted certain actions, how many of them have you suspended?

Mr. HOFFA. I don't have the figure.

Senator KENNEDY. How many, generally?

Mr. HOFFA. I would say that there have been some instances, and I believe one would be Feldman of Philadelphia—I can't think of others at the moment—that had charges brought against him, and after checking into the information we requested him to take suspension. However, under the constitution, also, there is a recognition that the individual elected to the presidency of this international union is to also have enough commonsense to be able to run this international union in such a way that the membership derives benefits from it and the officers derive benefit and protection from the constitution,

and not to be stampeded into discharging people by headlines, editorials, or statements, but rather, by factual information.

One by one I will take these cases up as they come, and as they are filed with my office. They will have an opportunity of a hearing, an opportunity to cross-examine witnesses, if there are any, and a right to be a free American citizen, to answer questions where they will have an opportunity to go out and get evidence, not be faced with questions on the spur of the moment with regard to answers where, if they guess, they go to jail for perjury; if they don't guess, they are called a fool or evasive, and, on the other hand, find themselves necessarily out of their own conscience using the fifth amendment because they didn't have an opportunity to be able to process properly grievances proposed to them or propounded to them.

Senator KENNEDY. In other words, say in the case of Mr. Presser, you have not instituted yourself any investigatory action and you do not disapprove, necessarily, or want to express an opinion one way or another with regard to his taking the fifth amendment on the use of union funds?

Mr. HOFFA. So you will understand my position, I will repeat it again. I do not propose now or any time, gentlemen, to say that the invoking of an amendment of the Constitution of the United States necessarily means that an individual should be suspended from office, and no later than today I read a statement of Mr. Robert Kennedy on Godfrey's show, where he, himself, said that he would be the first one to object to anybody trying to take the fifth amendment out of the Constitution, and that he believed everybody had a right to invoke the fifth amendment of the Constitution.

I hope he hasn't changed his mind.

Senator KENNEDY. Now, Mr. Hoffa, I would like to say what my view is on that.

I accept the right of any witness to take the fifth amendment whenever he honestly believes that an answer will incriminate him, which is part of the fifth amendment, but I do believe also that such a man does not necessarily have the right to be an officer, particularly a significant officer, such as president of the Teamsters in Ohio, who takes the fifth amendment on every matter on which he is asked, including his use or misuse of union funds.

I would think when numerous Teamster officials come before the committee and uniformly take the fifth amendment that that should be a cause of at least you, as the president of the Teamster Union, taking the trouble to investigate these matters.

You told Senator Ives 21½ years ago that you were going to attempt to meet your responsibilities to clean up the Teamsters. Now you are telling us again that as these matters come before you you will look into them. The only man you can indicate you have taken action against is Mr. Feldman.

Mr. HOFFA. You know that is not true, sir. I have here a list that I submitted to you, and I submitted it last time. Senator McClellan, in response to a statement of Robert Kennedy, who said this was an incorrect statement, the Senator was kind enough to say to Mr. Kennedy, "If there is something wrong with this statement, you submit the corrections and let the union change their statement."

Today, Senator, there has been nothing from this office to indicate that this statement is incorrect, except the fact, sir, that one man on

here, through advice received from the local union, was included in a category he didn't belong in, and unbeknownst to myself—I think his name is——

Mr. KENNEDY. Sam Goldstein.

Mr. HOFFA. Sam Goldstein. Otherwise, to date I have heard no question from this office concerning the inaccuracy of this statement.

Senator KENNEDY. Can I ask you, Mr. Hoffa, what action you have taken against Mr. Presser or to investigate Mr. Presser?

Mr. HOFFA. There are no charges at this moment pending against Mr. Presser. It has been in all of the newspapers and on TV in Ohio, for every single member of the Ohio union to be acquainted with the accusations against Mr. Presser.

There has to this date been no action taken against Presser because we have been involved in many serious aspects of this International Union, both with the courts, the monitors, this committee, many important strikes, many important organizing campaigns, many negotiations of contracts which have produced the highest wages in the history of this country on fringe benefits as well as pension and welfare, to the extent of \$150 a month at age 60.

Therefore, I believe that we will, as we get around to these questions, one by one, when the final chapter is closed of this committee, where you have all the information and records that are apparently in your hands, we will then take, one by one, the record and determine the International Union, as such.

Senator KENNEDY. Mr. Hoffa, you came 2½ years ago or stated 2 years ago, that you were involved in proceedings within the union and you would get around to it. There is no evidence of your getting around to it. There is no evidence, for example, in the case of Mr. Presser, who came before us this morning, and who occupies one of the top positions in the country. There is no evidence that you came along to him.

For example, Mr. Cohen, from Philadelphia, who came before us and took the fifth amendment on what he did with \$300,000 of union funds——

Mr. HOFFA. May I interrupt, Senator, and say that is not correct?

Senator KENNEDY. Will you tell me?

Mr. HOFFA. Yes. We sent a committee into Philadelphia to investigate the Cohen situation. When we arrived in Philadelphia, we were faced with a court injunction preventing us from making an investigation preparatory to making formal charges against Cohen. That case is still pending. We have had counsel in Philadelphia, and have counsel presently, handling that situation in Philadelphia.

Senator KENNEDY. Have you appointed Mr. Cohen to any new position in the Teamsters since he was before this committee and took the fifth amendment?

Mr. HOFFA. I don't believe so.

Senator KENNEDY. What about a trustee?

Mr. HOFFA. He was elected at a convention by the duly assembled delegates.

Senator KENNEDY. Was that the Miami convention?

Mr. HOFFA. Yes.

Senator KENNEDY. Did he have your support?

Mr. HOFFA. Yes; indeed he did.

Senator KENNEDY. In other words, then, in the case of Mr. Cohen, you supported him for election as international trustee, after he came before this committee and took the fifth amendment on what he did with \$300,000 of union funds.

Mr. HOFFA. You know, sir, that is incorrect.

Senator KENNEDY. Will correct me?

Mr. HOFFA. Yes. Cohen came before this committee after the convention, when you brought out certain information. It is true that during the convention, and just prior to the convening of the convention, I believe he was brought here for a matter of an hour or so, in front of this committee.

Mr. KENNEDY. He took the fifth amendment.

Mr. HOFFA. And he took the fifth amendment.

But I again repeat the delegates had an opportunity to know by the TV, by telegram from this committee, and by other means of communication of what had transpired in front of this committee.

Now, insofar as Presser, Senator, if I may, Presser, and I have read what he said over here, Presser may very readily have an explanation for the questions propounded to him by this committee on certain issues. Other issues he may not. But while we are under the jurisdiction of this committee, I would assume without knowing exactly what I am going to say is correct.

I would assume that Presser would take the same position in front of a panel of preserving his rights under the Constitution, of not answering questions, even though after he feels that there is no waiving of his jurisdiction of the fifth amendment he may very readily, and will be required, to come in and be in front of our board and explain answers to questions propounded by this committee.

Senator KENNEDY. Didn't you go to a meeting in Ohio a day or two after he came and testified, the last time he testified, and give him a ringing endorsement before a meeting in Ohio?

Mr. HOFFA. If you will read the record again, Senator, if I may correct you, you will find that I said there in an interview that Mr. William Presser would be brought in front of the executive board in due time to explain his actions in front of this committee.

Senator KENNEDY. Now, you corrected me; I am going to correct you. I have no confidence in your ability, willingness, or determination to get rid of any of these people. What concerns me in addition to that is I have in my hand a letter you sent out on May 6, 1959, widespread through the labor movement, making an attack on the legislation which came before the U.S. Congress. You made 18 points against it and asked the labor movement, all of them, to oppose any bill which had any of these provisions in it.

This is one of the most inaccurate documents I have ever read.

Mr. HOFFA. May I look at it, sir?

Senator KENNEDY. I will be delighted to have you.

Here is a copy of it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Senator KENNEDY. Now, take statement 1, hot cargo. Tell me where in that bill reference is made to section 707(a), (b), and (c) which would require any employee—

who is engaged to operate a common carrier must go through a picket line or lose his job inasmuch as it will be illegal for the employer or union to enter into an agreement which would protect such employer.

The last part of that sentence is true. It is illegal for the employer and union to enter into an agreement. There is nothing in the legislation in this bill that passed the Senate which would require an employee who is engaged to operate a common carrier to go through a picket line and lose his job.

Can you show me the language that would do so?

Mr. HOFFA. Senator, I made the statement in Boston in response to this particular argument and I make it here, that if we cannot put legal protection in our contract with employers not to have individuals driving common carrier trucks be required to go through picket lines, then we will find ourselves in a position, as we are presently doing, where the Interstate Commerce Commission made a similar ruling concerning permits, that—

Senator KENNEDY. Can you show me a section in the bill which would prohibit this employee? My understanding of the language is, Mr. Hoffa, that you are prohibited, a member of the Teamsters Union is prohibited, the union is prohibited from making an agreement with the employer whereby he would refuse to handle goods of another employer if that employer was engaged in legal difficulties. There is nothing in this bill which states or which would prohibit an employee of the union from crossing a picket line. Show me where it is.

Mr. HOFFA. I want to say this much for you, Mr. Kennedy, if I may, that my experience leads me to believe that any time you draw up this type of legislation it becomes a ruling of some committee and we are prohibited from placing into our contract a provision, as we currently have in most teamster contracts, provisions which state that an employee shall not be required by his employer to go through picket lines, and that he also shall not be required to handle hot goods or hot cargo by his own individual action—the only reason we are allowed, Senator, and if you will check the court records you will find they bear me out, the only reason we are permitted to say to the employer, “You cannot fire this man for refusing to go through the picket line,” is because there is an express provision in the contract which prevents the employer from firing him for doing that you say under your hot cargo provisions he or the union cannot enter into between ourselves and the employer. Thereby, for the first time in this history of the United States you are making every truckdriver a legalized strikebreaker.

Senator KENNEDY. You keep saying that. Show me where that section is in the bill. Page 67, Mr. Hoffa. I would say section 707, line 14—

It shall be an unfair labor practice—

Mr. HOFFA. Let us just read it and see what happens. I want to say this is not my opinion. This is the opinion of all the qualified attorneys that we brought into Washington to interpret what they believe would happen under this bill and after our qualified attorneys examined the bill, only then was this letter sent out.

I would like to read this provision:

(e). It shall be an unfair labor practice for any labor organization and any employer who is a common carrier subject to paragraph 2 of the Interstate Commerce Act to enter into any contract or agreement, expressly or implied,

whereby such employer ceases or refrains, or agrees to cease or refrain, from handling, using, or transporting any of the products of any other employer or to cease doing business with same.

Under that language it can very easily be interpreted, Senator, according to the legal counsel that we employ who handle thousands of cases before the Labor Board, Interstate Commerce Commission, and appeal courts, it can be interpreted under this provision that a union official not instructing the members of an organization to go through a picket line could be in violation of this act. On the other hand, an employee who works for a living with his hands driving a truck, approaches the picket line of 5,000 or 10,000 people or one person and that individual then must go through a picket line because you have said expressly here we cannot put into our contract a provision by which the employee has a choice of refusing to handle unfair merchandise or hot cargo and it would be very conceivable, based upon our experience with the court, that this employee would be fired because he decided on his own initiative not to go through that picket line.

Therefore, we say in our letter, and we maintain it today, and I would be happy to have our legal counsel who has handled hundreds of cases in court sit down with you and he has sat down with you and told you why he believes this language would leave the door open—

Senator KENNEDY. Mr. Hoffa, you have read the language. If you can, tell me anything in this language which would require an employer to discharge an employee who crossed, for example, a primary picket line.

Mr. HOFFA. I beg your pardon.

Senator KENNEDY. Primary picket line.

Mr. HOFFA. There you get into the question.

Senator KENNEDY. No, the point of the matter is under the Taft-Hartley Act a union official today is prohibited from encouraging, directing, or requiring any of his drivers to refuse to cross a secondary picket line. That is illegal under the Taft-Hartley Act. Now you have suggested in this message that you are sending out a totally misleading interpretation, and I have gone into this and your lawyers are going over to the House of Representatives and informing the members the way this language is that it would be required of every teamster to cross and break any strike or any picket line that was put up any place in the country, and that is wholly wrong. You can't show me any words. All this section says very briefly is that the union is prohibited from making an agreement with the employer that that employer will refuse to handle any goods from any company which is engaged in a labor dispute with the Teamsters. It does not say anything about his being required to discharge a teamster who refuses to cross a primary picket line or refuses, himself refuses, to cross the secondary picket line as long as he does not do so as part of a joint effort of the union.

Mr. HOFFA. Senator, you miss the point completely and I would like to suggest to save time that if what you say is your belief, and I sincerely hope that it is, so our drivers will not be misled that you incorporate a simple statement in this law where it will lead to interpretation that all drivers, all union employees of every labor organiza-

tion, shall have a right of their own free choosing to support any strike that he desires as an American citizen to support and that they will not forfeit their job for supporting the particular strike.

Senator KENNEDY. It is not necessary because it is not in the bill. The more I read your 18 points, all of which distort the facts and present an incorrect impression to the labor movement to this country, the more I am convinced the bill is not very bad. I am going to give you one more.

No. 10, the so-called blackmail picketing—

Mr. HOFFA. A point of order, Mr. Chairman. I would like to ask the Senator one question before he cuts me off since he raised the question in answer to the statement he just made.

The CHAIRMAN. Proceed.

Mr. HOFFA. Under this letter that we sent to our members if you believe that it is incorrect and particularly in any provision you want to discuss, our lawyers will be very happy to sit down with yours, a committee, or a group of lawyers and debate the legal question as to whether or not, not what is said in the law but what interpretation that can be placed on the verbiage of the law will do to the American labor movement, because under this provision as is presently existing under the ruling of the Interstate Commerce Commission, despite the Supreme Court ruling, our drivers are finding themselves in a position of employers trying to discharge them for voluntarily as American citizens reserving for themselves the right to respect picket lines whether they are theirs or whether they are American workers of any other union in the United States because we believe it is our duty and responsibility to be able to protect and preserve the American labor movement by not having ordered transportation drivers become strikebreakers at the request of individuals who do not understand transportation as such.

Senator KENNEDY. May I ask you one more question: On page 33 of the bill—

Mr. HOFFA. Yes, sir; just a moment.

Senator KENNEDY. Now this is point No. 10 in your analysis of the bill, Mr. Hoffa. You state so-called blackmail picketing, section 702, could be used to prohibit picket lines for wage increase. Can you tell me where that would prohibit picket lines for wage increase which is not extortion? It begins on the bottom of page 31, section 213(a).

Mr. HOFFA. Give me a little time, sir, I am trying to find something here.

(Witness conferring with his counsel.)

(At this point Senator McClellan left the hearing room.)

Senator KENNEDY. Incidentally, that should be section 213. Your letter says it is section 702 of the bill. It should be section 213, page 33.

Mr. HOFFA. Did you say section 213?

Senator KENNEDY. Section 213,

It shall be unlawful to carry on picketing on or about the premises of any employer for the purpose of, or as part of any conspiracy—

Mr. HOFFA. I have it. I am very happy to answer this question.

If this is in error, I will certainly call attention to it. I hope our letter clears it up.

Senator KENNEDY. The letter says that section, so-called blackmail picketing section 702, which should be section 213, could be used to prohibit picket lines for wage increase.

Mr. HOFFA. Under this particular provision our attorneys believe when you say—

It shall be unlawful to carry on picketing on or about the premise of any employer for the purpose of, or any part of, any conspiracy or in furtherance of any plan or purpose for the personal profit or enrichment of any individual except the bona fide increase in wages or other employee benefits by taking or obtaining money or other things of value from such employer against his will or with his consent,

our lawyers' concern is this, and I have discussed it with them by the hour, their concern is that when you draw language such as here where you talk about personal profit or enrichment of any individual and then you put in the exception, they do not believe that the exception is broad enough for you to be able to put into a contract provision which may very well deal with the question of proper representation by stewardship committees grievances, negotiating committees, or other particular monetary payments of an employer to an employee or to a representative who may be an elected official of the union but who also works for the particular employer and does not devote full time to the operation of the union.

They believe this could be construed by a judge who may not be friendly to the labor movement and we may find ourselves with an expensive appeal trying to avoid getting the penalty which is very severe, I believe it is \$10,000 and 20 years in jail, that if it is not the intention of your committee to be able to say that the committeeman, a steward, an officer running for union who works for the employer could not be paid for time off duty handling his affairs for the company, then it should be spelled out in here and not left to the question that some officer should get 20 years in jail or \$1,000 fine by language which could be construed by lawyers—and our lawyers have a very peculiar habit of never agreeing with each other but unfortunately under this provision they were all unanimous that unless this was changed a man could go to jail for simple payment of the employer for payment of hours, where he did not physically work driving a truck, took up a grievance, took up a complaint, sit on a bargaining committee.

Senator KENNEDY. Section 213(a),

It shall be unlawful to carry on picketing—

Mr. HOFFA. Yes.

Senator KENNEDY. This not sitting on a grievance committee, on or about the premise of any employer for the purpose of, or as part of, any conspiracy or in furtherance of any plan or purpose for the personal profit or enrichment of any individual except a bona fide increase in wages or other employee benefits by taking or obtaining any money or other things of value from such employer against his will or with his consent.

I don't know how we could write language more clear to get at the use of the picket line for extorting money.

Mr. HOFFA. The unfortunate part of it is that you cannot get those provisions in the contract by merely negotiating across the table. It may necessitate having picket lines in front of the employer to be able to get what you are talking about.

Senator KENNEDY. We specifically exempt bona fide increase in wages or other employee benefits.

Mr. HOFFA. But nobody knows what "other employee benefits" means.

Senator KENNEDY. It certainly does not mean a payoff from employer to the union leader.

Mr. HOFFA. If you recall the presentation of Mr. Zagri and Mr. Previant in front of the House of Congress, they both suggested that if your committee meant extortion then you should put in the word "extortion" so that a person would know what he was going to be confronted with in the way of imprisonment or fine. That is what they suggested. I recently noted that the House committee has put in the language of extortion. I think they called it extortion, did they not?

Senator KENNEDY. I have not seen the House language but I think that this is a completely incorrect statement. What concerns me is that I have no hope of your ever cleaning up the Teamsters Union. Mr. Hoffa, after being on this committee for 2½ years, and your lawyers and some of your people in different States have been carrying on a drumbeat against this bill, using wholly incorrect assertions in regard to what is in the bill. This letter that I am talking about, which I think is completely inaccurate, was sent, as I have said, to thousands of union leaders all over the country saying that this bill would commit the labor movement into one company-dominated union which would make it an adjunct of the Government to be run by an all-power labor czar. You went up to Boston and said I could not find my way out of a four-room apartment with 12 doors on matters dealing with labor legislation. But after listening to your explanation, I am not convinced you would be in much better shape in that room.

(At this point Senator McClellan returned to the hearing room.)

Mr. HOFFA. I would like to say to you, Senator, that I have found my way in and out of thousands of doors on negotiating committees and on many, many picket lines in the United States. So I have learned by sad experience, not by guesswork, not what I would like to believe, but by sad experience, that what you may like to read into a paragraph, I not being a lawyer, is not often accepted by lawyers or by judges and we must always take the position not what we would be able to expect from an individual who was understanding, an individual who was able to believe that labor organizations were doing something in behalf of the workers, but we must recognize that we are subjecting ourselves to the worst type of treatment by loose-knot language which can be interpreted by individuals who may not be in sympathy with organized labor throughout this United States and in certain localities of the United States. Therefore, you will find I believe, from your discussion today, of all the points we raised you only find out of 18 points we raised, you only find 2 that you raise question about.

Senator KENNEDY. Mr. Hoffa, you are coming back next week. I will go through this matter point by point with you. If you will consult your attorneys this weekend—we have been at the thing quite a long time but I have a comment to make on each one of the points you raise because I think each one has a serious inaccuracy in it.

Mr. HOFFA. I think it might be well for the American people, for union workers in the United States, to be thoroughly acquainted with your views on labor and it may be even well to have in this record, sir, your interpretation of the provisions of this law because in reading your statement on the floor which you made outlining this law, we failed to find one single thing of clarification to the questions that we have raised here. I would be very happy to have our legal counsel here, our legislative representative here, assist me in spending as much time as is necessary to acquaint the American people with the fact that this is a strikebreaking union-busting bill.

Senator KENNEDY. Mr. Hoffa, this bill is not a strikebreaking union-busting one. You are the best argument for it, your complete indifference to the fact that numerous people who hold responsible positions in your union come before this committee and take the fifth amendment because an honest answer might tend to incriminate them.

Your complete indifference to it I think makes this bill essential.

Mr. HOFFA. Senator McClellan, I would like to say, if I may, sir, I would like to say that if you are trying to penalize the American labor movement for Hoffa or for your dislike for Hoffa, then spell it out in the law.

Senator KENNEDY. We are exempting everybody but racketeers, hoodlums, and crooks in this bill. I am not talking necessarily about you. I am talking about people you have surrounded yourself with. In my opinion nearly every union in the country meets the standard in this bill. Your union does not meet it, it is the judgment of the AFL-CIO.

Mr. HOFFA. I do not accept their judgment or any issue if they are silly enough to accept this law.

The CHAIRMAN. Just a moment. We have gone a bit afield of the committee's mission, that is, to inquire into improper practices. Of course this bill is designed and has provisions in it that it is hoped would correct a number of improper practices that we have found to exist. I do not think that we could ever settle anything as between the witness and possibly Senator Kennedy, and I will include the Chair, with respect to some character of labor legislation that should be enacted.

Senator KENNEDY. Mr. Chairman, I think this matter is of importance. The Senate is not finished on the question of labor legislation. This whole investigation, if it has a purpose, its purpose is to prepare the groundwork for effective legislation. The Senate will have to meet in conference on this bill if the House acts so these hearings in my opinion, their purpose is to attempt to indicate how this bill might be changed and how it might be improved once the Senate has an opportunity to discuss it. So that is why I bring these matters up because I think the whole purpose of this hearing is a legislative one.

The CHAIRMAN. It is to get information—to furnish the Senate and the Congress with information upon which they might predicate legislation; but this is not quite the forum to argue the technical aspect of the labor bill, although we can express our opinions about it, that is true. The drafting of legislation is one thing, and the arguing as to its technical aspects, what effects a particular phrase or section or provision might have, is something else. There is no harm

in discussing it so far as I know. It is perfectly proper if you care to do it. But I was trying to get back to the development of facts that will enlighten the Congress as to what practices are now going on. I agree with the purpose of the bill. I have stated that many times.

Senator KENNEDY. I don't think this hearing has any purpose except a legislative one. It seems to me that the importance of calling these witnesses before us is to find out whether they have engaged in practices which should be affected by legislation. Therefore it seems to me proper to discuss the significance of legislation. Since Mr. Hoffa's name has been connected with this bill on the floor of the Senate by you as well as others, I think it is appropriate that we should ask Mr. Hoffa for his comments in an attempt to come to some agreement on the meaning of this legislation. The point is that I would not want the members of the public, labor movement, or the Congress to be misinformed as to the significance of this legislation because I think it is essential, as I think you have challenged the spirit of what we are attempting to do by your indifference to these acts which have come to the attention of the committee and you are also engaged with your people in a very vigorous lobbying attempt to defeat the bill in the Congress. I think it is extremely important to attempt to find out whether your objections to it are based on merit in fact, or whether they may be destroyed.

Mr. HOFFA. I am available, sir.

Mr. KENNEDY. What did you do on Mr. Glenn Smith, Mr. Hoffa? The letter was sent. What was done to insure that he had been removed from office?

Mr. WILLIAMS. I think we have answered that question many times, Mr. Chairman. It has been answered, to my knowledge, at least three times before today. Certainly it has been answered today quite exhaustively as to what has been done in the Smith case.

Mr. KENNEDY. Mr. Chairman, it has not been answered.

Mr. WILLIAMS. The answer may not be satisfactory to your counsel, but it is the answer as to what happened in the Smith case.

(At this point Senator Kennedy withdrew from the hearing room.)

The CHAIRMAN. Just a moment.

Mr. KENNEDY. Mr. Chairman, this is a very serious question.

The CHAIRMAN. Restate the question.

Mr. KENNEDY. What has been done to suspend Glenn Smith?

What we have here is that the attorney for the international union assured the court here in Washington, D.C., that Glenn Smith had been suspended, that Glenn Smith no longer held his position but had been suspended from his position.

We went down and made an investigation of the union, and we found that he has not been suspended. We found that he still held his union position at the very time the representatives of this international union assured the court that he had been suspended; that on January 6, some 2 months later, still presiding at a meeting, Mr. Glenn Smith received 6 months' salary in advance and went on a voluntary leave of absence.

This was a fraud on the court. This is a very, very serious situation.

Mr. WILLIAMS. Just a minute. When you start flipping around the word "fraud" I want to talk to you, Mr. Kennedy. There wasn't any

fraud perpetrated on any court, and I am going to ask you to withdraw that statement.

Mr. Smith and Mr. Boling were suspended by the action of the president. You have just produced two letters demonstrating that. Those letters were drafted, as is shown on the very face, by Mr. Bergan. They were signed by Hoffa. They were sent down to these men. The suspension was made effective at the international level.

I explained to you just a few moments ago that they thwarted the purpose of this by this, what you call, false leave of absence, and I am inclined to agree with you, that by taking a leave of absence with pay, when it was unknown to the international, that they did perpetrate a fraud on the international.

But I want you to withdraw, Mr. Kennedy, the statement that you made that a fraud was perpetrated on the court.

The CHAIRMAN. Just a moment.

Mr. Williams, if you will present your matters to the Chair, I will try to pass on them.

Mr. WILLIAMS. I will ask that it be stricken from the record.

The CHAIRMAN. Read back the record and I will hear what he said.

Mr. KENNEDY. Could I ask the first question that I asked the witness in connection with this and then read the rest of it?

The CHAIRMAN. Just a moment.

Read back the statement with respect to fraud. If this representation was made to the court that a condition existed which did not actually exist, it could constitute a fraud on the court. Read back the statement made with respect to fraud.

As I understand, it was represented to the court, while it may have been in good faith at the time it was represented and by whom it was represented, but it could constitute a fraud on the court if it wasn't true.

Mr. WILLIAMS. There is no such thing as fraud in good faith, Senator.

The CHAIRMAN. Well, there is fraud in good faith. The consequences of it can be a fraud upon the court. The one who actually presented it might have been in good faith, but the one who reported it to him might have been lying and knowing it would constitute a fraud upon the court.

You will agree to that. I know you are a good lawyer, much better than I am. I know you will agree to that.

Mr. WILLIAMS. Mr. Bergan reminds me, and I did not recall this when I first gave you my recollection of this, that this whole matter was called to the attention of the court by us, by Mr. Bergan in a subsequent brief, when we learned that the suspension had not been honored.

The CHAIRMAN. You may have later. You may have found out that it wasn't true.

Mr. WILLIAMS. I think we are dealing with semantics, if I may say so, Mr. Chairman.

The CHAIRMAN. I think so, too. But there can be a fraud perpetrated on the court, it amounts to that, when the fellow presenting the matter may be in good faith, may honestly believe it, but the source of his information may have known it was false, and therefore it would constitute a fraud on the court.

Mr. WILLIAMS. So that the record would be clear, Mr. Bergan testified in court that Boling and Smith had been suspended. He had the most complete knowledge on the subject available because he, in fact, had drafted the letter suspending them which the president of the union had signed, and the suspension had been executed.

At the local level, because of the autonomy of the union, they apparently chose to ignore the letter that came from headquarters. The fact of the matter is they had been suspended, so it is not accurate to say that they were not at the time the presentation was made. They chose to ignore it, apparently with the backing of their local membership.

The CHAIRMAN. He was still acting in an official capacity.

Senator ERVIN. Mr. Chairman, may I make an observation at this point?

Of course, a lawyer has to rely upon the information given him by his clients. Where he relies upon the information given to him by his client he certainly does not play a fraud upon the court by presenting that information in good faith.

Of course, sometimes a client can mislead a lawyer. If a client misleads a lawyer intentionally, with the expectation that the lawyers would pass on misinformation to the court and deceive the court, it is possible for the client to practice fraud on the court while the lawyer, presenting the information, is acting in perfectly good faith.

I would say this in this connection: I had the privilege of meeting Mr. Williams first in September 1954, and I have a very high opinion of him, both from the standpoint of capacity and from the standpoint of character. I certainly think that anything he did in connection with this matter was done in good faith, because a lawyer can't go out and investigate everything for himself. He has to act on the basis of information which comes to him.

I would also have to say in view of these letters that there was, from his standpoint, evidence that, as far as he could ascertain, from the information he had, that they had been suspended.

Mr. WILLIAMS. I want to add to that, if I may, Mr. Chairman, that insofar as I have been able to determine, everybody at the international level believed this to be the case at the time of the hearing. So I don't look for the shield of immunity that you have so graciously tendered me, that I was deceived by my clients, because I do not believe I was deceived.

I believe they were in total good faith at the time that the representation was made by me, and when they heard it made, because they believed the suspension was in effect.

Senator ERVIN. I am not intimating by what I say. I was speaking in generalities before I became specific. I didn't mean to intimate that anybody had conveyed to you false information, or had a part as far as the personal conveyance was concerned. It does seem, however, that after the president of the international had written these letters, that the local union took matters into their own hands, and that the actions of the local union were inconsistent with what was set forth in the letters from the international.

Senator MUNDT. Mr. Chairman—

The CHAIRMAN. Senator Mundt?

Senator MUNDT. I would like to ask the witness this question, to get away from theory, to get away from conflicting and confusing situations:

You started out by saying, I believe, Mr. Hoffa, that you didn't think these men were suspended. Do you want to leave it that way? Then the letter and the court testimony refreshed your memory and you now agree that you did sign a letter suspending them; is that correct?

Mr. HOFFA. That is correct.

Senator MUNDT. And apparently now or in a few days from now, on the 10th of July, when his salary runs out, that will be a situation of fact as far as Smith is concerned.

Mr. HOFFA. Right.

Senator MUNDT. Did you also suspend Mr. Boling?

Mr. HOFFA. Yes.

Senator MUNDT. He has denied the suspension entirely and is serving as president. I would like to ask you this question: What do you now propose to do concerning Mr. Boling?

Mr. HOFFA. I want to check, Senator Mundt, on exactly the status of this union, since I am going to be back here again, apparently, and I would like to bring it back not second-hand, but first-hand, if I may.

Senator MUNDT. You will certainly agree that you have some followup work to do as far as Boling is concerned if, in fact, he is now president of a union from which you suspended him; is that correct?

Mr. HOFFA. I certainly will find out why the letter was not complied with.

Senator ERVIN. I would like to clear up one thing. I will ask this of Mr. Williams: Am I correct in inferring from your statement that the question of whether Glenn Smith should be awarded a new trial is a matter that is pending on a motion before the district judge at Knoxville, rather than on appeal before the court of appeals?

Mr. WILLIAMS. My understanding is, Senator, that there is a motion for judgment notwithstanding a verdict, a judgment of acquittal notwithstanding verdict, now pending before the trial judge, and that that has been argued, I believe, and that he has not decided it.

I am not sure. But I know it is not in the appeals court, and I also know by at least a conversation with a member of the panel who heard his case against these men that they plan to render their decision immediately upon the decision of the trial judge.

The CHAIRMAN. All right. Let's have the question.

Mr. KENNEDY. The first question I asked was: What steps were taken to follow up to determine whether Glenn Smith had been suspended?

Mr. WILLIAMS. Mr. Chairman, we have just gone through this——

Mr. KENNEDY. No; we haven't.

Mr. WILLIAMS. Just a minute.

The CHAIRMAN. Let's proceed. I will get to questions and answers. What steps were taken to follow up to see whether Glenn Smith was actually suspended?

You mean whether the suspension went into effect?

Mr. KENNEDY. In the first place, Mr. Hoffa, let me ask you: Was this letter actually sent to Glenn Smith?

Mr. HOFFA. I beg your pardon?

Mr. KENNEDY. Was this letter dated August 24 actually sent to Glenn Smith?

Mr. HOFFA. The photostatic copy that you presented here had Glenn Smith's name on it. I don't make the mailings out of the international. We have a mailing department for it. I assume that it was mailed out of the mailing department since it was addressed to Glenn Smith.

Mr. KENNEDY. So to the best of your knowledge, this letter was, in fact, sent to Glenn Smith; is that correct?

Mr. HOFFA. I would have to assume that. His name is on it.

Mr. KENNEDY. Your understanding is that the letter was actually sent to Mr. Glenn Smith?

Mr. HOFFA. I assume, and I haven't checked it, but I assume that since his name is on the letter, both Boling and Smith, that the letters did go to Boling and Smith.

Mr. KENNEDY. What steps were taken after that to insure that they were suspended?

The statements that were made to the court were made in November of 1958.

Senator MUNDT. Mr. Chairman, let me ask this question:

This is a rather unusual exercise of high authority, is it not, Mr. Hoffa, for you to suspend a man down at the local level?

Mr. HOFFA. Yes, sir.

Senator MUNDT. It would occur to me that it being as unusual as it is, that you might well follow the practice of sending those kind of suspension notices by registered mail, return receipt requested, so that you know that the suspension has been consummated.

Mr. HOFFA. That is conceivable. We may have that in our files. That is conceivable.

Senator MUNDT. Don't you think that would be a logical way to handle such a high function of authority with such important mail?

Mr. HOFFA. I would assume that our mailing department would have a registered letter in this particular instance. I am not, however, sure. It can be checked as soon as I get there.

Senator MUNDT. Will you check that and supply it for the record?

Mr. HOFFA. Yes.

The CHAIRMAN. What counsel is pursuing is this: Here is evidence of a letter or letters to these two people——

Mr. HOFFA. I am sorry. I don't understand you. What did you say?

The CHAIRMAN. I say there is evidence here of a letter addressed to these two people. The question is whether, and as Senator Mundt has pursued it—we have a copy of a letter which may have never been sent. We are trying to establish whether the letter was dispatched and received.

Mr. HOFFA. I understand, sir.

The CHAIRMAN. You have no knowledge other than the fact that in the routine way you assume the letter went out?

Mr. HOFFA. That is correct, sir.

The CHAIRMAN. But you can check further and ascertain possibly what your records show with respect to whether it was registered, and whether you have a receipt for it, or any other documents you

may have that would further clarify as to whether the letter actually went out or was received?

Mr. HOFFA. We can check that.

Mr. KENNEDY. We asked you to bring the files over. Did you bring the files? Maybe it would be contained in the files.

Mr. HOFFA. What did you ask me to do?

Mr. KENNEDY. To bring the files of local 515.

Mr. HOFFA. You didn't ask me. We submitted—let's get it straight. You submitted this morning to Bill Mullenholz a subpoena for certain information. You didn't give it to me. I assume that it is here.

Mr. KENNEDY. It is not here. We understood that you were going to bring it over, Mr. Hoffa.

Mr. HOFFA. McInerney didn't see me and McInerney didn't tell me that. Nobody told me to bring it here. Now, if you want it, I am sure, as we have done on similar instances, we have sent it to you if you asked for it.

You must have it there.

Mr. KENNEDY. It just arrived. We have it.

Mr. HOFFA. It must have arrived if you asked for it.

Mr. KENNEDY. Was this letter sent from the International Brotherhood of Teamsters, this registered letter?

Mr. HOFFA. What did you say?

Mr. KENNEDY. This letter that was supposedly sent out on August 24, or addressed, written on August 24—was that letter sent out from the International Brotherhood of Teamsters?

Mr. WILLIAMS. Which registered letter are you talking about?

Mr. KENNEDY. To Mr. Boling.

Mr. WILLIAMS. Was this a registered letter?

Mr. KENNEDY. I believe that is what he stated.

Mr. WILLIAMS. Let's not misstate what the witness said. You know he didn't.

Mr. KENNEDY. Was this letter sent out from the International Brotherhood of Teamsters?

Mr. HOFFA. Look, let me say this to you: We are a fair-sized operation and we have a little system of our own that operates this International Union by departments.

A letter comes into my office. It is dictated, it is typed, brought to my office, I sign it, a secretary takes it, and I assume that after the Secretary takes it, it is mailed out to the individual the letter is mailed out to.

I don't follow that through. I couldn't tell you. I have no way of knowing.

Mr. KENNEDY. I just want to get the procedure straight, Mr. Hoffa, for the record.

After that, what steps did you take to be sure that Mr. Glenn Smith had in fact been suspended?

Senator MUNDT. Mr. Chairman, before we leave the letter, I have it in my hand, and I notice in the right-hand corner they have typed these words, "Registered, return receipt requested."

Mr. HOFFA. Then it must be. It is a good thing you found out.

Senator MUNDT. This is certainly a thing that is available for documentary proof. You would have the receipt. It wouldn't have been thrown away. Or we can get the registry books of the Post Office Department and it can determine whether or not this receipt was signed.

Mr. HOFFA. Maybe, and I don't know—what is in that group of letters that was subpoenaed today? It might be there.

Mr. KENNEDY. It is not there.

Mr. HOFFA. It isn't there?

Mr. KENNEDY. In fact, that letter is not even in this record.

Mr. HOFFA. Well, there may be a trusteeship file or some descriptive file that might have it. I don't know. I will check. That is all I can tell you.

Mr. WILLIAMS. Where did you get it?

Mr. KENNEDY. We requested under subpoena all of the files in connection with this local.

Mr. WILLIAMS. Well, you got those letters from the international union, didn't you, on a previous date?

Mr. KENNEDY. We received the letters from the monitors.

Senator ERVIN. May I ask a question, Mr. Chairman, along this line?

The CHAIRMAN. Senator Ervin.

Senator ERVIN. I believe it appears that in all probability some time in August of last year you directed letters to Glenn Smith and Boling, informing them they were suspended from their respective offices in the local union?

Don't you consider it rather drastic action to suspend a duly-elected local official from the powers of his office?

Mr. HOFFA. I certainly do.

Senator ERVIN. And what efforts, if any, did you make to ascertain whether or not they had recognized or complied with your letter suspending them?

Mr. HOFFA. Senator, I would assume that when a letter went out like that it would be complied with. We have international organizers and directors in various areas. I would expect it to be followed through by somebody in that vicinity, rather than the international office, to make sure that the intent of the letter was carried out.

I can't tell you, truthfully, that I personally did anything after it got to the stage of the letter going out, to see whether or not they got the letter.

(The witness conferred with his counsel.)

Mr. HOFFA. Excuse me, sir.

Whether or not they got the letter, whether or not they complied. But I do know this: That they filed an injunction against me from carrying it out, and now that I recall, it is coming back a little bit; they filed an injunction, I believe, against the international union from doing what I intended to do by that letter, and our lawyer went into court and, as recited by Mr. Kennedy previously, fought the question of the injunction.

We were successful in overthrowing their request for an injunction to prohibit my action.

Then I would assume that after winning the lawsuit that the director in that area, or the organizer, would have carried out the intent of the letter.

That is the best I could tell you, sir.

Senator ERVIN. You do know now, from having your recollection refreshed about the lawsuit, that they did not obey your letters and the lawsuit arose on account of that?

Mr. HOFFA. I think that is the way it went; yes, sir.

Senator ERVIN. When did the lawsuit begin?

Mr. HOFFA. I couldn't tell you honestly. They must have copies of the lawsuit here in this file. I think they could tell you better than I could.

Senator ERVIN. Did you make any effort after the lawsuit came to an end with a victory for the international—did you make any effort to see whether these people complied, not only with your orders but also with the order of the court?

Mr. HOFFA. Senator, I think what happened—and I am guessing; I don't want to be held—but the procedure would have been that I appointed the panel and they must have enjoined the panel from trying to do what I instructed it to do.

I would assume that since the panel was sent out to investigate, they would have carried out the instructions of this letter.

I am guessing, but I would think that happened along the procedure of our international union.

Senator ERVIN. How often along about that time did you resort to such drastic action as to remove from office a local official who had been elected by members of the local?

Mr. HOFFA. I believe there were two instances, this makes three—there was Boling, Smith, and Feldman.

Senator ERVIN. In other words, I can't understand why you weren't interested enough in it to pursue it and find out whether they carried out your order.

Mr. HOFFA. It wouldn't be a question of not being interested. It would be a question of expecting somebody other than myself personally to see whether it was carried out or not, in regular routine fashion of operating the international union.

Senator ERVIN. Here is another thing: I don't know who it reflects on, but to me an astounding thing about Glenn Smith is this: That he is made an officer in the union after he has been convicted of robbery, which is nothing in the world more than stealing property by force or intimidation, and after he had been convicted of burglary and larceny, which is stealing, and after he had been convicted of assault, which might have been of some consequence or might not, I don't know, and after he became a fugitive from justice from the State of Kentucky, he is made an officer in the union and permitted to exercise authority over honest men.

I can't understand why. I can understand why some crimes that a man commits that do not involve moral turpitude, why he should be made an officer. But I do not understand why so many people, as in this case, Glenn Smith, would have committed crimes involving moral turpitude, are permitted to occupy offices and exercise authority over honest men.

Mr. HOFFA. Senator, my answer to you would be that an autonomous organization under the democratic system of this country has a right in free assemblage to nominate and to elect who they desire, and if this individual was elected by the rank and file members of this local union, and carried out to their satisfaction the office that they elected him to, then I don't find anything any more unusual about that than I do find that in certain instances in this United States individuals have gone to jail, come out of jail, and have been elected to the Halls of Congress.

Therefore, there should be no implication placed on Smith that he is any different than individuals elected to Congress.

Senator ERVIN. Under the laws of most States a man who commits a crime of robbery which is a felony, or the crime of murder, which is a felony, is even denied the right to vote, much less hold office, unless he first over a long period of time, shows by his subsequent conduct that he has repented of his past iniquities and straightens himself out.

Mr. HOFFA. I am not sure, that it is either 15 or 16 years since his serious trouble with the law that he was elected to office. Therefore, a man could have conceivably rehabilitated himself.

Senator ERVIN. The last time before he wound up in Tennessee, as I recall it was in 1949 when he was implicated in the dynamiting, alleged conspiracy to dynamite, and when he apparently became a fugitive from justice and fled from Kentucky.

Mr. HOFFA. I am talking about the time you claim he was convicted for robbery until the time he was released until the time he became a truckdriver until the time he was elected to office. If I understand correctly, the other charge was eventually dismissed against this man.

Senator ERVIN. Well, they could not catch him. He fled.

Mr. HOFFA. They eventually dismissed them.

Senator ERVIN. In 1949 he fled from Kentucky. Two years later he winds up in Tennessee in a conspiracy case in Tennessee which he took the union for \$18,000 according to the statement, if I recall the letters you wrote correctly, that admitted that they had used those union funds for that purpose.

Senator MUNDT. Mr. Chairman, around this topic and since we have devoted over an hour today to discussing the so-called Kennedy-Ervin bill, I would like to ask the witness what his reaction is to one section of that bill which I had added by a vote of the Senate which it seems to me is pertinent to this case.

I can understand how the international president of a union may not have any original jurisdiction over who gets elected by an autonomous body.

Knowing that and realizing that some pretty unsavory characters have been elected, the Senate twice passed legislation which would make it illegal for a union official to serve who has been convicted of crimes so felonious that he has lost the right to vote in the State of his own residence.

Would you think that is good legislation or would you disapprove of that legislation which would have prevented the type of thing we have before us?

Mr. HOFFA. Senator, I am opposed to any class legislation. If you want to make this a law applying to employers and all organizations in the United States, every single description, that is one thing. But when you try to place second-class citizenship upon members of unions, then I object and I will not concur in any such legislation without first having the right to express my opinion and try to get people to vote against it.

Senator MUNDT. In other words, first you take recourse in the fact that there is no law that enables you to keep a man like Smith from getting his office and then you oppose the passage of the law which would give you the authority or the Congress the authority.

Mr. HOFFA. Senator, I object to a law that states in principle that a man may not be elected to the office of president of our union but the following day he can incorporate and become president of a corporation and be able to hire employees of any description he wants to hire and be able to sit across the table and bargain collectively with a union official and be able, if you please, to place his stock on the market of Wall Street or to be elected to the Halls of Congress without giving the same right to individuals who are members of labor organizations.

This is what I object to, sir.

Senator MUNDT. That is all, Mr. Chairman.

Mr. KENNEDY. Can I go back to my question now, please?

The CHAIRMAN. All right, let us start again.

Mr. KENNEDY. Mr. Hoffa, after this letter around August 24, 1958, what steps did you take to insure that Mr. Glenn Smith had in fact, been suspended?

Mr. HOFFA. I thought I had answered the question. I said that when this letter came across my desk and was signed it went into the regular routine procedure of being sent out to the local union, I assume.

Mr. KENNEDY. I want to know what you did personally.

Mr. HOFFA. Let me try to tell you.

The CHAIRMAN. He assumed that the letter went out.

Mr. HOFFA. I assumed that it went out. Now, the letter must have went out because of the ensuing lawsuit. When our lawyers defeated their attempt against us from carrying out this action, I then would assume that the local union, having lost their round in court, would have the international office in that district, would have saw to it that the letter from the president's office was carried out.

If it was not, then it was not brought to my attention and apparently, it was not.

The CHAIRMAN. In other words, you went no further than to assume in the routine of things it would be carried out.

Mr. HOFFA. Yes.

The CHAIRMAN. Beyond that assumption you did nothing?

Mr. HOFFA. Yes, sir.

Mr. KENNEDY. Did you ever talk to Mr. Glenn Smith after 1958? Did you ever talk to him?

Mr. HOFFA. I think, and I talked with Smith and it is my understanding that Smith was out of his local union on leave of absence.

Mr. KENNEDY. Was he suspended or was he out on a leave of absence?

Mr. HOFFA. Apparently, he had left the local union. From what you read here he must have been on a leave of absence. If he was out, I could have assumed that it was my letter that did the job.

Mr. KENNEDY. If, in fact, you did suspend him in August of 1958, and if, as the record shows, he was not suspended but continued to draw his salary, will you take legal action now to have Mr. Glenn Smith and Mr. Boling return the money that they have received from the union since August of 1958?

Mr. HOFFA. I would assume that if the membership having authority to make expenditures of their money, were formally called into a meeting and those individual members attended that meeting and over and beyond the quorum voted for an expenditure of the money

of their local union, not the international union's money, I would assume that we would have a problem trying to instigate a lawsuit against the action of the democratic rights of the membership of that local union.

MR. KENNEDY. You stated, as I understand it, that you had the authority to suspend him by writing him a letter, that that was all that was necessary, that he was suspended at that time. He was suspended from office.

Are you going to take action, in view of what is revealed here, to have him return the money to the union when he controverted your instructions?

MR. HOFFA. I will consult with our attorneys as to the next move.

MR. KENNEDY. You are not going to tell us, then, that you will take action in view of the fact that he supposedly got this letter and did not follow out your instructions?

MR. HOFFA. I will consult with our attorneys as to the possible action open to the international union, if any.

MR. KENNEDY. Are you going to recommend that action be taken to get this money returned to the treasury?

MR. HOFFA. I will submit this to our attorney.

MR. KENNEDY. Are you going to recommend that the money be returned?

MR. HOFFA. It is not a question of recommending at all. It is a question of whether or not, submitting the question you have just asked to our attorneys, whether or not they determine there is a possibility of a lawsuit for recovery.

MR. KENNEDY. If they determine that there is a possibility that you can recover the money legally, will you recommend that such action should be taken?

MR. HOFFA. If our attorneys make the recommendation that there is legal action to carry on recovery of this money, there will be suggested then, to our legal department, to take the appropriate action.

MR. KENNEDY. Now, will that also be taken against Mr. Boling?

MR. HOFFA. We will discuss all these matters with our attorneys and what happens to one will happen to the other.

MR. KENNEDY. Is Mr. Boling going to be suspended now in view of the fact—

MR. HOFFA. If you want to deprive Mr. Boling of his right to earn a living, then I suggest that you find a position for him because you have consistently said while I have appeared in front of this committee that it is not your desire to penalize a man from being able to have employment in this industry and now you are suggesting that we take away from this man a union book that provides him with a livelihood.

(At this point, Senator Mundt withdrew from the hearing room.)

The CHAIRMAN. Let the Chair make an observation. The question is not related to whether the man works but whether he will be suspended from his official position.

The question is, are you going to take action to suspend him from office, not expel him from membership. There is a difference. The question is about his right to continue in office, not his right to work.

MR. HOFFA. When our recommendation comes out from our panel, our executive board in full attendance will take action recommended

to our executive board and not having taken time out to get their report, waiting for it to be a finality, I cannot say other than we will take appropriate action as it appears before our board based on factual information.

The CHAIRMAN. I understand your statement is that you will take no action until your panel reports, and then the matter will go before your executive board, and it will then and there be determined what action should be taken. Am I correct, now?

Mr. HOFFA. Excuse me, sir.

The CHAIRMAN. You have it before a panel that has it under consideration. The record here shows that they have concluded their investigation but you say they have made no report to you. So you are withholding any action until they make the report at which time you will take it up with the executive board.

Mr. HOFFA. That's right.

The CHAIRMAN. At that time you will determine what action should be taken.

Mr. HOFFA. Yes, sir. I don't believe there is any final—I think there is a partial report to the board but no final answer nor no recommendation.

The CHAIRMAN. You mean from the panel?

Mr. HOFFA. Yes, sir. However, I would like to consult with Mr. Williams for a moment.

(The witness conferred with his counsel.)

Mr. WILLIAMS. Mr. Chairman, what is your pleasure today on adjournment? We have had 2½ hours without a break now.

The CHAIRMAN. Would you like to recess?

Mr. KENNEDY. I want to get some things in the record, Mr. Chairman.

The CHAIRMAN. Do you want to take a brief recess?

Mr. HOFFA. May I inquire what time you expect to be through tonight so that I can arrange transportation?

The CHAIRMAN. Well, it is very difficult to fix a time to quit but we will quit as soon as we can. How much more do you have?

Mr. KENNEDY. Well, we just started.

The CHAIRMAN. I do not want to run on indefinitely. I will run until 5:30. In the meantime we will take a 5-minute recess.

Mr. HOFFA. If I try to get an 8 o'clock plane, that will be all right?

The CHAIRMAN. We will conclude in time for you to get an 8 o'clock plane.

(Brief recess.)

(Members of the select committee present at time of reconvening: Senators McClellan and Ervin.)

The CHAIRMAN. The committee will come to order.

Proceed.

Mr. KENNEDY. Mr. Hoffa, let me find out and get matters straight in the record as far as Boling is concerned. I understand what action you will take on Glenn Smith.

As far as Mr. Boling is concerned, will he be suspended? That is, as an officer?

Mr. HOFFA. The same action.

Mr. KENNEDY. What does that mean? Will he be suspended?

Mr. HOFFA. The same action that is contemplated against Glenn Smith, which we outlined a moment ago, will also be considered against Boling. That means—just a moment, please—that means necessarily that the investigation that is started will be completed when filed, will be submitted to the international executive board; also, then action will take place based upon the facts.

But also, in the meantime, I am going to find out why my instructions were not carried out, and I am quite sure they will be when I investigate it. If Boling is an officer of this union, then until the trial is completed against Boling he will not be an officer of this union, unless I am prevented by court from doing so.

The CHAIRMAN. In other words, as I understand you, if you find that he has not conformed to your directive of suspension, you will suspend him pending the final outcome of investigation and the action of your board; is that right?

Mr. HOFFA. Yes, subject to court action making it impossible.

The CHAIRMAN. Well, of course, we all may be subject to court action.

Mr. KENNEDY. What I don't understand, Mr. Hoffa, and this is my point on the fact that this was a fraud on the court, is that here back in November of 1958 the court was informed that he was suspended.

Now you come before this committee, and we show clearly that he was not suspended, and we ask you whether you are in fact going or intending to suspend him. I am asking whether you will write him a letter, like the letter that was supposedly written in August of 1958, and tell him again that he is suspended, but this time move in and tell him he is suspended.

Mr. HOFFA. Senator, I suggest that I have answered the question. (At this point Senator Mundt entered the hearing room.)

Mr. KENNEDY. Then I don't understand the answer.

The CHAIRMAN. As I understand, Mr. Hoffa says if he finds he is not out of that office, he will suspend him pending the final outcome of the investigation, the results of which will be submitted to the executive board.

Is that right?

Mr. HOFFA. That is right, sir.

Mr. KENNEDY. Can I ask—

The CHAIRMAN. What I understand you to mean is that if he is not out of there now, you will suspend him pending the final outcome of a board hearing.

Mr. HOFFA. That is right.

The CHAIRMAN. That is a statement that you will get him out.

Mr. KENNEDY. And will Glenn Smith also be suspended? If you find that the facts revealed here before the committee are correct, will Glenn Smith be suspended as well?

Mr. HOFFA. Glenn Smith, from what I understand, is not acting as a president or an officer of this union. From what I understand, there is nothing to suspend him from.

The CHAIRMAN. Except by the 10th of July, according to the minutes of the meeting, he would go back in. As of this moment there would be nothing to suspend him from if he is inactive.

Mr. HOFFA. I think he said if his case had been completed and he had been found innocent.

The CHAIRMAN. There may be some qualification. I don't recall. But his leave of absence was only until the 10th of July.

Mr. HOFFA. Yes, sir; and he also said provided his case had been decided. He also said that at the end of this term——

The CHAIRMAN. I think we can shorten it. You propose to let neither of them serve pending the outcome of these hearings, to serve in an official capacity?

Mr. HOFFA. That is what we are going to do.

The CHAIRMAN. You will keep them out of an official capacity until the matter is finally heard by your board. Then, of course, you will be governed by what the board does on the basis of the investigation.

Mr. HOFFA. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, so that the record is clearly understood, this trial that Mr. Glenn Smith is involved in is an income tax evasion case. Mr. Smith has admitted taking the union funds in order to fix the judge. So there can't be anything beyond that.

What I don't understand is when such a matter has been admitted by the individual, why firm action is not taken immediately against him.

The CHAIRMAN. Well, we have the witness here and he is swearing to what he is going to do and how he is going to do it. I may disagree with him. I think if he had the power he ought to kick him out immediately. He is saying how he is going to do it. That is in the record.

Mr. KENNEDY. Are you going to do the same thing as far as Mr. Sam Goldstein is concerned, Mr. Hoffa?

Mr. HOFFA. Sam Goldstein is a problem which I have not had an opportunity to discuss with the official family of our international union or with his executive board as such. We will deal with it in accordance with the constitution.

Mr. KENNEDY. Mr. Chairman, Mr. Goldstein has two gambling convictions. He has been convicted of attempted extortion while a union official; he has been convicted of the bribery of a union official; and he is now in prison.

He is drawing \$20,600—or over \$20,000 a year—and he is in prison. He has plead guilty to one of these charges.

The CHAIRMAN. Who is he drawing the money from?

Mr. HOFFA. The union, sir.

Mr. KENNEDY. From local 239.

I might call your attention, Mr. Chairman, to the international constitution, which clearly gives the international president the right to move in and take action. I refer to section 13:

When a member is convicted of the commission of a crime or serious wrongdoing, or pleads guilty to the commission of a crime or serious wrongdoing, against the local union or against the community, and which crime or act of serious wrongdoing brings dishonor upon the local union or the international union—

then it goes on to say :

It is incumbent upon the local union to take action, but that in the event the local union fails to carry out the foregoing provision, then the general president, when the matter is brought to his attention, shall have the power in his discretion to proceed to revoke or order the revocation of the membership of such member.

The CHAIRMAN. When was this conviction?

Mr. KENNEDY. This conviction was in 1957, Mr. Chairman.

The CHAIRMAN. Do you mean convicted of—

Mr. KENNEDY. He was first convicted in 1957. There were some appeals, and ultimately—

The CHAIRMAN. When was it he plead guilty?

Mr. HOFFA. I think 3½ months, Senator, from what I read in the transcript. I think he has been in jail roughly 3½ months or 4 months.

The CHAIRMAN. That was his last sentence?

Mr. HOFFA. That is when he pleaded guilty.

Mr. KENNEDY. On July 24, 1957, he was convicted—

The CHAIRMAN. You had knowledge of it?

Mr. HOFFA. I read it here.

The CHAIRMAN. You never heard of it until today?

Mr. HOFFA. I don't even know the man, I don't think.

The CHAIRMAN. You mean you hadn't heard of this conviction until today?

Mr. HOFFA. It wasn't brought to my attention, Senator.

The CHAIRMAN. I don't quite understand that, Mr. Hoffa. I don't know what you mean by bringing it to your attention. It seems to me that you would know about these convictions of officers for fraud against the union or for some offense against the union, a serious offense and also convicted of it. It seems to me that that would come to your attention. You say it didn't?

Mr. HOFFA. Strange as it may seem, Senator, when I heard it here, I would have told you the contrary. That is why I told you, strange as it may seem, prior to hearing it here I would have said to the contrary, because I submitted a list here, based upon information I had, contrary to what was testified to here, based upon what I had been told by the local unions.

The CHAIRMAN. It does appear, then, now you do have notice of it, and you can put this provision of your constitution into immediate operation.

Mr. HOFFA. As I say—

The CHAIRMAN. Will you agree?

Mr. HOFFA. No; I say, Senator, that we will investigate and follow the procedure and take action in compliance with the constitution to handle the situation.

The CHAIRMAN. It occurs to me, when you say you are going to take action—I don't know; it is perfectly all right to have some procedure about it, I am sure—after a fellow pleads guilty to an offense and is in the penitentiary, it seems to me that would be pretty conclusive. I don't know how much further investigating you need to do.

Mr. HOFFA. Senator, it is very hard to explain to yourself and the other Senators here who never conducted a labor union meeting or know very little about labor unions.

The CHAIRMAN. I don't think crime is any different in a labor union or out of one. I think it is all the same.

Mr. HOFFA. If I may say, you don't walk into a local union of several hundred people and just automatically go against all of their wills and throw people out. You have to handle it in such a way that you don't destroy the balance of the organization, and therefore

you must go through the executive board, through the joint council, putting into effect the provisions of this constitution so that you can have at the conclusion a union, not a destroyed union, but a union that will be properly functioning under the officers.

The CHAIRMAN. I hardly see how it is going to destroy a union to put a crook in the penitentiary.

Mr. HOFFA. You go in front of a membership of 1,000 or 2,000 people, Senator, and you take the opposite position, of saying, "This is it, period," without being able to put in the constitution the way it has to be handled to preserve the union, and you will lose 1,000 or 2,000 members, Senator.

The CHAIRMAN. I do think it requires immediate attention. Don't you?

Mr. HOFFA. Yes; it does.

Senator ERVIN. I don't see any necessity under this for you to go before a union membership meeting. It provides here in section 13(a), and it is just about as simple language as can be used, that—

when a member is convicted of the commission of a crime or serious wrongdoing, or pleads guilty to the commission of a crime or serious wrongdoing, against the local union or against the community, and which crime or act of serious wrongdoing tends to bring dishonor upon the local union or the international union, it shall be the duty of the local union to proceed to revoke the membership of such member.

And then it goes ahead and says in subsection (c)—

in the event a local union fails to carry out the foregoing provision, then the general president, when the matter is brought to his attention, shall have the power in his discretion to proceed to revoke or order the revocation of the membership of such member.

Mr. HOFFA. Senator, I don't quarrel with what you are reading from the constitution, because I am aware of it. However, I would like to say to you that my statement to Senator McClellan remains the same to you, that if I want to destroy this union I can go in overnight, throw the individual out, and lose the union, or I can approach it in such a way that the union is not disturbed when you accomplish the purpose.

Senator ERVIN. I can't see what you need with anything further than when a member of the union is convicted of extortion or pleads guilty to extortion and is sent to the penitentiary, why you have to go, with this power, giving you the power—it says that the local union shall act, but if the local union fails to act then you have the power to act.

I don't think any excuse you can give will justify permitting a man to be continued in the union office when he is in the penitentiary on the plea of guilty or a conviction of such a crime as extortion.

Mr. HOFFA. Senator, I didn't say he was going to remain in office. I said I was going to approach it in such a way that I preserved the union without destroying it, by following due process, and I will.

Senator ERVIN. What is there to find out beyond the fact that a man has entered a plea of guilty and was sent to prison?

Mr. HOFFA. I will tell you what is it. I will have to bring the executive board of that union down to the international or go to New York to talk to them. I recognize that under the constitution I don't have to do that. I recognize that.

But rather than to destroy this union, this is the procedure I would follow. Then, if there, I would go to their membership, if necessary, to have carried out in orderly fashion the constitution, rather than destroy the union.

Senator ERVIN. In other words, you are telling us that if you follow the constitution and carry out the powers the constitution gives you to remove from membership or from office convicted criminals, that that will destroy your union?

Mr. HOFFA. I didn't say that, Senator.

Senator ERVIN. If you said anything else, I am unable to understand the English language.

Mr. HOFFA. Then I would like to restate it, if I may, sir.

I say to you that my experience leads me to believe that when men are organized into a union and they have been there for a considerable period of time, and they understand democratic procedures, and they understand their right of voting for or against something, and they once take action, they cannot understand, by mere words, the fact that a Hoffa or anybody else occupying my position can walk in and disregard every action they took, but where it is necessary to preserve this union to enlighten them as to that provision in the constitution through their executive board who, in my opinion, will take care of the situation.

If they don't, then I would go to the membership and tell them the international constitution, and attempt to preserve this union, yet still carry out the constitution.

Senator ERVIN. And the reason this power is given to you as president of the international—to remove from union offices and from union membership convicted felons—is because the local union has refused to act.

Mr. HOFFA. Senator, I don't quarrel with what you are saying, sir. I don't quarrel at all with what you are saying in this constitution.

I simply am trying to point out, and I am apparently failing to do so, the necessity of trying to carry out the instructions of the constitution in such a way, out of my experience, that it will not destroy this organization.

Senator ERVIN. You still come back to the position that you have to take it up and have a democratic process of some kind and can't carry out your constitution as the constitution provides for fear that it might destroy your union.

Mr. HOFFA. Senator, I don't say that. Apparently I am not making myself clear. But I can carry out the constitution in several ways:

1. By just deliberately wiring and saying, "You are out of office, or else we will put you in trusteeship or pick up your charter."

This is what the broad interpretation of that language means. Isn't that right, sir?

Senator ERVIN. I don't construe it as such. If the local union fails to act, then you have the power to act. It says that local unions shall act. It is not even permissive with them.

Mr. HOFFA. I can say to them, "You have failed to act in accordance with this provision of the constitution. I am not telling you and not asking you to remove this man."

Now, if they fail to do so, then I have one of two choices: (1) Go in and put the local union in trusteeship; or (2) dissolve the charter; or (3), which I think is preferable, to go in and handle it in accordance with democratic procedures and get it accepted by the membership, by the officers, and accomplish the same purpose without destroying the union.

Senator ERVIN. I would think it is the duty of the president of the international, when the man abuses his union office and practices extortion, and is sentenced to prison, and his conviction becomes final, and he is actually serving a prison term, I would draw the conclusion that your constitution contemplated that the president of the union, in the event the local fails to act, will then remove him from membership and from his union office. Otherwise, I don't see what they have with such a constitution.

Mr. HOFFA. I don't quarrel with your statement, Senator.

Senator ERVIN. Except you don't practice it.

Mr. HOFFA. Well, I don't practice it by just chopping a man's head off without a hearing; no.

Mr. KENNEDY. This man has been convicted of betraying the union membership. This individual was sent to prison, sent to the penitentiary for betraying the union membership, yet the international president of the union is questioned as to how quick or how speedy he will move in.

Don't you have an organization investigating racketeering in the International Brotherhood of Teamsters for you, Mr. Hoffa?

Mr. HOFFA. We have a committee which is inactive at this moment because of litigation before the court.

Mr. KENNEDY. That is the committee headed by former Senator George Bender?

Mr. HOFFA. That is correct.

Mr. KENNEDY. As a result of his investigation of racketeering in the Teamsters Union, didn't he report back to you in 1957 that Sam Goldstein had been convicted of betraying the union membership, or did it take until June 1959 for this committee to tell you this?

Mr. HOFFA. I don't recall the chairman of that committee sending me any such communication. I don't recall it being brought to my attention. If it is brought to my attention, I think I have outlined what I would do. No matter what you say, I don't know what else can be done other than what I am saying will be done in accordance with the international constitution under democratic procedures.

Mr. KENNEDY. Whom have you taken steps against to revoke his membership or remove him from office as union official?

Mr. WILLIAMS. Mr. Chairman, I want to ask the Chair what the pertinency of this question is, for the reason that it has been asked at least 20 times in the course of this witness' testimony and the answer has been given time and time again over a period of 13 days.

Counsel says he is just beginning his interrogation. He has had him on the witness stand for 13 days of testimony. I object to this question unless the pertinency is stated.

The CHAIRMAN. During the 13 days that Mr. Hoffa has been appearing before this committee he has been asked many questions about many different things and not just about this subject. What is the question? I think the question is, Is there anyone else that you have taken this action against under the provisions of the constitution?

Mr. KENNEDY. It says:

When a member is convicted of a crime or serious wrongdoing or pleads guilty to commission of a crime,

and then it goes on to say—

or is engaged in what is commonly termed "racketeering."

The CHAIRMAN. The question is, Who else, if anyone else, other than those who have been mentioned here, have you taken such action against under that provision of the constitution?

Mr. HOFFA. I have not taken any action under that provision of the constitution, but I have taken action which brought about the same results as this provision would call for. Certain individuals who were with the international union at the outset of these hearings are no longer there. I think it is the center purpose, if I may say so, sir, to accomplish the questions raised by the Senate rather than how it was accomplished.

The CHAIRMAN. Mr. Hoffa, I may say this to you. The whole purpose of this is to ascertain what conditions prevail in labor-management relations and what legislation this committee might recommend or what legislation the Congress of its own initiative might conclude should be enacted in order to remedy the condition.

So the purpose is to show what conditions prevailed and whether their rights were protected—whether it is necessary to enact additional laws to secure them the rights they are entitled to and to protect them in the rights they are entitled to.

You have a constitution. The question is, here you have a constitution that gives you the power in these cases. We have had many instances here where there have appeared before us officials of this union, locals and higher echelons of the union official family, who have been repeatedly convicted for crimes and who are still in office. Some of them served their sentences long ago and are in office. Some of them are more recent. We get down here to these particular cases of Glenn Smith and Boling. Then we get to the case of Goldstein who is now in the prison and, as I understand, according to the testimony, while in prison is drawing \$20,000 a year of dues-paying money.

The question is, how do you operate this section? Do you enforce it? Do you do anything about it, or is it necessary that the Congress under these circumstances think it advisable to enact legislation to deal with the problem?

Mr. HOFFA. Senator, I have outlined, I believe as completely as I can, irrespective of how many times I am asked the question, as to what I will do under this provision of the constitution.

The CHAIRMAN. Now you were asked what you have done in the past, and you said "Nothing" insofar as carrying out the provision is concerned.

What different way do you think will accomplish the same result?

Mr. HOFFA. I would like to say something, if I may, before we close, concerning this particular question.

Mr. WILLIAMS. I understand we were going to adjourn at 5:30.

The CHAIRMAN. Just a moment.

After all, we will get to adjournment at the proper time. Make your statement.

Mr. HOFFA. I feel, Senator, I have an obligation as an American citizen who appears in front of this committee in response to a subpoena to attempt to answer questions to the best of my knowledge and my ability.

But I would like to register an objection to you, Senator McClellan, and to this committee today, to the avowed intent and purpose of the chief counsel of this committee as quoted in the Saturday Evening Post.

He feels it is his duty to get Hoffa. "I feel deeply that it is the obligation of people with advantages to lead those who lack them." It is an ancient feeling, the sense of aristocratic obligation; it is deeply ingrained in Kennedy.

I question, sir——

The CHAIRMAN. Is that a quote from Mr. Kennedy?

Mr. HOFFA. No, but the whole article is based on what Mr. Kennedy has consistently said.

The CHAIRMAN. Just a moment. I certainly am not going to hold Mr. Kennedy or anyone else accountable for what a newspaper or some publisher's opinion may be.

Mr. HOFFA. Senator, if I may say so, you hold me responsible for every action of every individual that appears in front of this committee. You even hold me responsible for articles that somebody has written.

The CHAIRMAN. You know the difference. Here you are the head of a union with power vested in you by a constitution to take certain action to keep that union—the conduct of its officers and of its administration—clean and free from criminal activity.

Now you have a responsibility there. I would not take responsibility for what any paper might publish unless it is a quote and they attribute it to me and, if I did say it, I would take the responsibility for it. If I didn't, I would not.

I am not going to hold Mr. Kennedy responsible for some article in a paper unless he is quoted and is quoted correctly.

Mr. HOFFA. That rule applies to me.

Mr. CHAIRMAN. Yes, it applies to you, but it is not the same with respect, sir, to your responsibility and duty as president of an international union, as to the conduct of the inferior officers over whom you have jurisdiction and whom you have the power to discipline according to your constitution.

Mr. HOFFA. Sir, it is my responsibility to be able to carry out the constitution in such a way that it does not disrupt or destroy this international union.

The CHAIRMAN. You have made that statement. I have not quarreled with you. That is the way you say you are going to do it. I think it is the duty of the committee, and we are trying to develop the testimony here as to how you do it, what you say you do, how you operate, and the question arises whether that is adequate to protect people who become the victims of wrong in your union and the public and whether laws are needed to correct the condition.

Mr. HOFFA. I don't think you can say that the question of this international union in behalf of its members in every contract we have isn't amply protected.

The CHAIRMAN. Let us not argue here for hours. We know what the record is. It is sworn testimony. Anything you want to say to

refute any testimony that is here is perfectly all right. I want you to have that. But I don't want to go off here on tangents about what some article may have said or didn't say.

We get right down to what the facts are and the Congress weighs them and they can be governed accordingly.

(Members of the select committee present at this point in the proceedings: Senators McClellan and Ervin.)

Senator ERVIN. What I had in mind was this: Here is this man Goldstein, who is the president of a local in New York, who has been duly convicted and sentenced to prison for betraying his local, and who has been serving a term for $31\frac{1}{2}$ months that he has actually been in prison, and who is now still drawing a salary at the rate of \$20,000 a year.

What I would like to know is what do you, as president of the union, of the international, with the power to remove him from his union office, propose to do about it?

Mr. HOFFA. Exactly as I told you.

Senator ERVIN. What is that?

Mr. HOFFA. To follow the constitution and to get the results that the constitution intended without destroying this union through the processes I stated, through the executive board.

If unable to do so there, to the members, and from the membership, if necessary, to our executive board. But in my humble opinion, I believe that the membership, the officers of this local union, fully realize the constitutionality of this provision as passed by our convention and will carry out instructions.

Senator ERVIN. Then you are telling us, are you not, in a rather circuitous way, that you, as president of the union, do not propose to use the power you have under subsection (d), I believe it is, of article 13, to remove him?

Mr. HOFFA. I am not telling you that at all, sir.

Senator ERVIN. You say you are going to take it up with the local.

Mr. HOFFA. I will get the same results and will carry out the same intent of that provision.

Senator ERVIN. How much longer will you allow him to draw salary from dues-paying members at the rate of \$20,000 a year while serving a term in prison before you take action about it?

Mr. HOFFA. You know, Senator, it is a peculiar thing, if Mr. Kennedy had this information for as long as he had it might have been well to give it to me so I would have known it before yesterday, sir.

I didn't know it before yesterday. You can't expect me, I don't believe, to wait to come over here and still move over there at the same time.

Mr. KENNEDY. Do you want me to name some other people that you should remove, Mr. Hoffa?

Mr. HOFFA. Not what you say remove. I want names as to this particular individual, to a document that I submitted to you, which you claimed were incorrect, which you failed to correct.

Mr. KENNEDY. How much money has been given to Senator Bender in connection with his investigation?

Mr. HOFFA. I believe you have those figures far more accurately than I have in my memory. You ought to put it into the record.

MR. KENNEDY. Mr. Bellino, could we put those figures in? Would that be all right, Mr. Chairman?

MR. WILLIAMS. Mr. Chairman, we made travel plans in the light of what you said, that we were going to adjourn at 5:30. Now we are opening a whole new vista.

THE CHAIRMAN. Your client wanted to get through in time to go by 8 o'clock. I am trying to expedite it. I am going to quit pretty soon.

I don't have any hesitancy about that. But we have a job to do here. I am trying to make as much headway as we can, as much progress as we can.

MR. HOFFA said he had to catch a plane by 8 o'clock. I assured him we would get him there by that time.

MR. WILLIAMS. Thank you very much.

THE CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

MR. BELLINO. I do.

TESTIMONY OF CARMINE S. BELLINO

THE CHAIRMAN. What is your name and what is your position with the committee?

MR. BELLINO. Carmine S. Bellino, accountant with the committee.

THE CHAIRMAN. You have been accountant for the committee since its inception; is that correct?

MR. BELLINO. That is correct, sir.

THE CHAIRMAN. Proceed now.

MR. KENNEDY. Mr. Chairman, this is——

THE CHAIRMAN. The question is about the money that has been paid to Mr. Bender and his committee, the cleanup committee, or whatever term is used for it, the rackets investigating committee, of the Teamsters Union International.

What records do you have?

MR. KENNEDY. Could I just explain what preceded this, Mr. Chairman?

This is local 239 which was run initially by Tony Ducks Corallo. We went into the affairs of this local back in 1957. This man was found guilty in 1957, and the information was developed at that time. In 1958 when Mr. Hoffa appeared before the committee, he stated Sam Goldstein was no longer an officer of the local union. Now he states that he did not know about the information regarding Sam Goldstein, and he also says that he has this investigating committee.

I would like to ask Mr. Bellino how much the investigating committee has been paid in order to give this information to Mr. Hoffa.

MR. BELLINO. The total amount paid to Mr. Bender for services and expenses from August 18, 1958, to May 4, 1959, amounted to \$58,636.07.

THE CHAIRMAN. Has he reported any incidents to you at all that should come to the attention of the executive board for disciplinary action?

MR. HOFFA. Senator Bender——

THE CHAIRMAN. That is a question. Has his committee reported anything to you at all that should come before your executive board for its consideration with respect to disciplinary action?

Mr. HOFFA. No. He is in the process of investigation.

The CHAIRMAN. In 11 months he has not been able to find anything to report to you?

Mr. HOFFA. He was stopped by the court, I believe.

The CHAIRMAN. I didn't understand your last answer.

Mr. HOFFA. I say believe he was stopped by the court. They filed an order and I believe he was stopped by the court, if I am not mistaken.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Up to what date were these charges of Mr. Bender made?

Mr. BELLINO. May 4, 1959.

Mr. KENNEDY. Did he work almost every day?

Mr. BELLINO. He was paid for 180 out of a possible 181 days.

Mr. KENNEDY. And he also was paid by the International Brotherhood of Teamsters out of union funds for the use of the office and stenographic help?

Mr. BELLINO. Yes, sir; rent, telephone, and stenographic help.

Mr. KENNEDY. Mr. Bellino, you received the subpoena for the telephone calls of the International Brotherhood of Teamsters?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Do you find there were telephone calls made by Mr. Hoffa to Glenn Smith at local 515 of the Teamsters in Chattanooga during the period of time that Mr. Glenn Smith was allegedly suspended?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. Could we have those?

The CHAIRMAN. How many do you have?

Mr. BELLINO. We have three.

The CHAIRMAN. Made from Mr. Hoffa to Smith?

Mr. BELLINO. They say from Hoffa—the first one I have is Hoffa, one is from Bufalino, and from the Teamsters Building, and a third one from Hoffa to Glenn Smith, but they reached a George Hicks.

The CHAIRMAN. Those may be made exhibit No. 13.

(Telephone toll tickets referred to were marked "Exhibit No. 13" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Isn't it correct that the one from Mr. Bufalino was on the same day that this letter was allegedly written?

Mr. BELLINO. Yes, sir. August 28.

Mr. KENNEDY. Isn't it correct that on that same day, August 28, Glenn Smith moved in court to get an injunction against the international office taking any action against him?

Mr. BELLINO. Yes, sir. On that day Bufalino spoke to him for 9 minutes.

Mr. KENNEDY. So even before this letter, if this letter was sent, even before it was possibly sent, the local union took action against the international union?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. And these two other telephone calls from Hoffa to Glenn Smith are on what days?

Mr. BELLINO. One is on September 30, and the other one is on January 7, 1959.

The CHAIRMAN. The other is 1958?

Mr. BELLINO. 1958, yes, sir; the 30th.

The CHAIRMAN. Do you want to make an explanation of those calls, Mr. Hoffa?

Mr. HOFFA. I don't find anything significant about it; nothing.

Mr. KENNEDY. There was one other matter, Mr. Chairman.

The CHAIRMAN. Mr. Bellino, the compilation of the expenditures, the payments, to Mr. Bender and his committee, they may be made exhibit No. 14, for reference.

(Document referred to was marked "Exhibit No. 14" for reference and will be found in the appendix on p. 19126.)

Mr. KENNEDY. Mr. Chairman, we have subpoenaed Mr. Ray Cohen to appear before the committee. He was to appear yesterday before the committee. We received notification from his attorney that he was ill and he would have to remain in bed for a week, because he had a bad fever, and that he could not appear before the committee.

We have had testimony in connection with him.

We received information this morning that Mr. Cohen was on his yacht, about which we had testimony, participating in a tuna tournament off the New Jersey coast. So, Mr. Chairman, we sent an investigator down to the dock to welcome Mr. Ray Cohen when he got off the ship. I just received notification that he has just stepped off the boat. He is looking tan and healthy, and we will have another subpoena for him.

But it would appear, in view of the fact that we were notified that he was ill, he is certainly, if I might submit it to the chairman, in contempt of the committee.

The CHAIRMAN. We will take that matter up.

Is the subpoena being served on him now?

Mr. KENNEDY. That is correct, Mr. Chairman. I have the letter here from the attorney.

The CHAIRMAN. Direct him to be here Monday morning.

Mr. KENNEDY. This is the letter from the attorney, saying he is too ill to come.

The CHAIRMAN. Subpoena the attorney also. We will find out about this. I will not have this committee deliberately and willfully imposed upon.

We are going to take a recess.

Do you want Mr. Hoffa back Monday?

Mr. KENNEDY. Can I point out a couple of things?

I want to point out that as far as Glenn Smith and Boling are concerned, they admitted under oath, Glenn Smith did, that he took \$18,500 of union funds to fix the judge; that the monitors looked into it, and they were informed that Mr. Glenn Smith and Mr. Boling were suspended—

Mr. WILLIAMS. Is this going to be a question, Mr. Chairman?

The CHAIRMAN. Just a moment.

Mr. KENNEDY. They were informed that Mr. Glenn Smith and Mr. Boling were suspended; that we made an investigation and we found out that not only were they not suspended but that Mr. Glenn Smith took a leave of absence and turned the local over to Mr. Boling. Mr. Smith took a leave of absence with 6 months' advance salary, didn't do any work, and is on leave of absence at the present time. All of their legal fees, amounting to some \$15,000, were paid by the Teamsters, even though this man has admitted—this is not a question

on trial—this man has admitted taking the money and using it to try to corrupt the judge.

The Teamster attorneys being paid out of the union funds are arguing in the case that he shouldn't have to pay tax on the money because he was a conduit to a public official, or that he embezzled the money and therefore shouldn't have to pay taxes on it.

The CHAIRMAN. The record shows that that testimony is in the record.

Mr. Hoffa, do you want to make any correction of it?

Mr. WILLIAMS. I believe that doesn't call for a statement. I think it was simply a summary for the Sunday papers, Mr. Chairman.

The CHAIRMAN. Well, I hope people will read it. I think they should be informed.

The committee will stand in recess until 11 o'clock Monday morning.

(Members of the select committee present at the taking of the recess were Senators McClellan and Ervin.)

(Whereupon, at 5:45 p.m., the select committee recessed, to reconvene at 11 a.m., Monday, June 29, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

MONDAY, JUNE 29, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 11 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senators John L. McClellan, Democrat, of Arkansas; Sam J. Ervin, Jr., Democrat of North Carolina; Barry Goldwater, Republican of Arizona; Carl T. Curtis, Republican of Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Alderman, assistant chief counsel; Walter R. May, assistant counsel; John P. Constandy, assistant counsel; Carmine S. Bellino, accounting consultant; Pierre E. G. Salinger, investigator; Frank Lloyd, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

Call the next witness, Mr. Counsel.

Mr. KENNEDY. Mr. Chairman, we are starting the hearing this morning which will go on through tomorrow morning, dealing with the essential figure of Mr. Benjamin Dranow.

I thought I would summarize a little of the background that is already in the record about Benjamin Dranow.

The matter that we are going to have this morning deals with the land project known as Sun Valley, down in Florida. Sun Valley was originally started by Mr. Henry Lower, a Teamster Union official out in Detroit. He then became a promoter of this land scheme down in Florida.

During the period of time he was promoting the land scheme in Florida, he was a Teamster Union official and received some \$90,000 in salary and expenses. At the time he was made a Teamster Union official, he was a fugitive from a road gang in California.

Since our investigation of his activities, he has been picked up in two separate States for the unlawful possession of narcotics.

Mr. Henry Lower began the project in Florida, which was mainly to promote the sale of lots of land to Teamsters, Teamster members and Teamster Union officials.

He got his start from Teamster Union funds themselves, the original money that went into the Sun Valley plan.

The main purchasers of land were, as I say, Teamster Union members and Teamster Union officials. There were official documents

put out by the Teamsters Union to promote the sale to Teamster members. There were movies taken of the land shown to Teamster Union members. A number were prevailed upon to buy the lots.

Mr. Hoffa had, unknown to all the Teamster Union officials and Teamster Union members, a 45-percent option to purchase land down there at its original cost, so that if it was profitable he could step in at the original cost and buy up 45 percent of the property, he and Owen Bert Brennan had this option which was unknown until our hearings.

First, in June of 1956, Mr. Hoffa transferred \$300,000 to a Florida bank to induce the Florida bank to loan money to this land scheme.

Subsequently, the land scheme needed another \$200,000, and then, I believe in December 1956, Mr. Hoffa transferred another \$200,000 down to the Florida bank to induce the Florida bank to loan money on this land scheme of Henry Lower.

Mr. Henry Lower went to the bank and told them if they would loan the money he in turn could get the deposits of these funds in their bank, with the further understanding that the money would be placed in the bank and pay no interest.

All of this property, Mr. Chairman, was sold to the Teamster Union members with the understanding that there were roads, plumbing, lighting, that everything was all set.

As we developed in our hearings, none of this was done. Mr. Henry Lower took the money that was supposed to go into developing this land scheme and started his own other land operation up in Detroit. Specifically, he took well over \$125,000 that was supposed to go into building roads in Florida and put it in up in Detroit.

So ultimately, this land scheme went bankrupt.

The CHAIRMAN. Which one?

Mr. KENNEDY. The land scheme at Sun Valley, Fla.

Even as of this time all the Teamster Union members who purchased lots of land cannot go in there and find their lots, because not only did he not build the roads or put in the plumbing or any of these things, but he didn't even mark the lots of land so that anybody would know, going in there, where his particular piece of property was.

So that is one phase of it.

The CHAIRMAN. That we have already gone into, that is a matter of record up to now?

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. Except I don't know about the bankruptcy. Had it gone bankrupt?

Mr. KENNEDY. At the time we held our hearings, indicating that this had been a fraud on all the Teamster Union members and the other individuals that purchased the property, and also indicating that the money coming out of the Florida bank didn't go into the land scheme in Florida but was embezzled by Mr. Henry Lower. Then the whole land scheme went bankrupt.

The CHAIRMAN. The project that he put the money into on the strength of the deposit that was made in the Florida bank, the loan he secured on the strength of that deposit, did not go into the Sun Valley project but went into a project in Michigan?

Mr. KENNEDY. That is correct.

The CHAIRMAN. What has happened to that project?

Mr. KENNEDY. That project still belongs to Mr. Henry Lower. We haven't gone into that as far as these hearings because that was a separate operation completely.

The CHAIRMAN. Obviously, that was promoted with union funds.

Mr. KENNEDY. Promoted with funds that came out of the bank where the Teamster Union funds were.

The CHAIRMAN. The union funds were the collateral; is that correct?

Mr. KENNEDY. Yes, sir.

I think we will get into what happened in Detroit to some extent.

Senator GOLDWATER. Was the Florida land deal incorporated?

Mr. KENNEDY. Yes, Sun Valley was incorporated.

Senator GOLDWATER. Who were the officers of the corporation?

Mr. KENNEDY. The chief officers were Henry Lower and his wife, Mrs. Lower.

Senator GOLDWATER. Do you have any record of any of the individual members having tried to regain any of their investment by suit?

Mr. KENNEDY. The bank is trying to work that out at the present time, Senator.

There was no question that once the Teamsters sent down the \$500,000, and the bank then loaned the money, if that money had actually gone where it ought to have gone, to building roads and helping the property in other ways, this would have been a financial success. It would appear that Mr. Hoffa and Mr. Owen Bert Brennan would have made several hundreds of thousands of dollars individually. For Mr. Henry Lower, this would have been a profitable operation.

Mr. Henry Lower felt, evidently, that the land scheme up in Detroit would be more profitable. The property in Florida is valuable, and it is a question of trying to work it out. We are going now into what has happened to the property.

Senator GOLDWATER. How much money did the members themselves put in by their own purchases?

Mr. KENNEDY. Several hundreds of thousands of dollars of sales.

Mr. Hoffa, for instance, sent Teamster Union officials down there to review the property and then to go back and talk to Teamster meetings about how good the property was and urge the members to purchase property.

Then there were some outsiders who purchased property, such as Johnny Dioguardi and some people like that.

Senator GOLDWATER. The corporation actually owned the land?

Mr. KENNEDY. Yes.

Senator GOLDWATER. Are there assets there that the members might get money back on?

Mr. KENNEDY. Yes. That is one phase of it. That is the Henry Lower aspect of it.

Then we come across on the other side—I am just giving this as background for what we are going to try to do this morning—that in Minneapolis, Minn., there was the John W. Thomas Department Store, which had as its general manager a man by the name of Benjamin Dranow.

Benjamin Dranow had come originally from Baltimore and had become general manager of this department store. Mr. Hoffa, at his

urging, had \$200,000 of Teamster funds loaned to this department store, which at the time of the original loan was on strike by a fellow AFL union.

Subsequently, Mr. Benjamin Dranow, the general manager, purchased the department store by putting up a \$175,000 note. Mr. Hoffa then loaned the department store \$1 million out of the welfare funds.

The CHAIRMAN. Was that in addition to the \$200,000?

Mr. KENNEDY. Yes; so that the total loan was \$1,200,000.

The department store, shortly afterward, went into bankruptcy, and Mr. Benjamin Dranow, Mr. Hoffa's other friend, took off with \$113,000 or \$115,000.

In addition, Benjamin Dranow was very close to a Teamster Union official in Minneapolis, Minn., by the name of Mr. Gerald Connolly. Mr. Gerald Connolly had fled Florida after being involved in an attempted murder in an organizing drive in Florida, and he came up and was made a Teamster Union official in Minneapolis. He was indicted and convicted for taking money from an employer in early 1955, again on another case in late 1955, and in 1956 he placed dynamite in the homes and automobiles of two Teamster officials who refused to recognize his picket line. We have information that he planned this bombing down in a hotel in Miami, Fla. He and Dranow were staying in that hotel under fictitious names and made the telephone calls to arrange the dynamiting from this hotel.

The bill for the hotel room, as we developed, was paid by the John W. Thomas Department Store.

Mr. Benjamin Dranow is a very close associate of Mr. Hoffa. He, for instance, purchased a \$2,500 stole for Mrs. Owen Bert Brennan, and we couldn't find any records that indicated Owen Bert Brennan ever paid for the mink stole. And then there was a \$500 jacket for Mrs. Hoffa.

We looked for Mr. Benjamin Dranow for approximately a year, from the middle of 1957 to the middle of 1958. We finally found him.

He appeared before the committee in the middle of 1958 and took the fifth amendment in connection with his operations and associations with Mr. Hoffa. We are now going into Dranow's further activities during the period of time we were looking for him, his associations with Mr. Hoffa during this period of time, and since the period of time that we have had him before the committee, which is approximately a year ago; and we are going into Sun Valley.

The two individuals that will be involved this morning will be Henry Lower, down in Sun Valley, and Mr. Benjamin Dranow, from Minneapolis, Minn.

The CHAIRMAN. The purpose of this is to bring up to date the events that have transpired since this matter was exposed before the committee, to bring up the events and make the record current; is that correct?

Mr. KENNEDY. Yes. I think what we will see is that these hearings do not seem to have a great deal of effect as a deterrent to the operations of some of these individuals.

The CHAIRMAN. In other words, it will further show that notwithstanding exposures, no effort to clean up and correct these conditions has occurred.

Mr. KENNEDY. In fact, I think we will see that some of them have worsened.

The CHAIRMAN. Let's proceed.

Mr. KENNEDY. This morning's hearing will be just the beginning of this, Mr. Chairman, one of the first of some three events we are going into.

The CHAIRMAN. Call the first witness.

Mr. KENNEDY. Mr. Claude E. Davis.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DAVIS. I do.

TESTIMONY OF CLAUDE E. DAVIS

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. DAVIS. Claude E. Davis, Cocoa, Fla., president of the Barnett National Bank.

The CHAIRMAN. You waive counsel, do you, Mr. Davis?

Mr. DAVIS. I do.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. You are the president of the Barnett National Bank; is that right?

Mr. DAVIS. Of Cocoa; yes, sir.

Mr. KENNEDY. Of Cocoa, Fla.?

Mr. DAVIS. Right.

Mr. KENNEDY. And that bank is located some 14 miles from Sun Valley; is that correct?

Mr. DAVIS. That is correct.

Mr. KENNEDY. On or about October 8, 1958, did you receive a telephone call at the bank?

Mr. DAVIS. I did.

Mr. KENNEDY. Was that telephone call from Mr. Benjamin Dranow?

Mr. DAVIS. From someone who represented himself as Mr. Dranow; yes, sir.

Mr. KENNEDY. What did he state to you at that time?

Mr. DAVIS. He asked me about making a loan to he and some of his associates who proposed to develop the Sun Valley project. In consideration of that loan, he said that if the loan was too large for my bank to make, that he could get me a participation with probably an eastern bank.

He offered to place in my bank \$1 million deposit.

The CHAIRMAN. From what?

Mr. DAVIS. Teamster funds.

The CHAIRMAN. He had control of Teamsters funds?

Mr. DAVIS. I do not know that, but he stated—

The CHAIRMAN. That was the implication of what he said to you, that he could control the depositing of \$1 million of Teamster funds?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. He said that to you as part of the inducement, I assume, to get you to consider favorably his application for a loan. That is the way you took it?

Mr. DAVIS. That is the way I took it; yes, sir.

The CHAIRMAN. You couldn't take it any other way under the circumstances; could you?

Mr. DAVIS. No, sir.

Mr. KENNEDY. Mr. Chairman, the very great point of interest here is that we went into this matter in 1957. We went into it again in 1958. The Chair and the rest of the members were highly critical of the fact that Henry Lower was able to place \$500,000 of Teamsters Union funds in a Florida bank to induce the bank to loan money on this land scheme which he had a personal financial interest in.

The CHAIRMAN. And without interest?

Mr. KENNEDY. This money was to be without interest.

He could get \$1 million in your bank and you would not have to pay interest?

Mr. DAVIS. Yes, sir.

Mr. KENNEDY. If you, in turn, would make the loan?

Mr. DAVIS. Right.

Mr. KENNEDY. Within 3 weeks of his appearance before this committee at which time he took the fifth amendment, he was down there arranging to get control of the Sun Valley land project and would place a million dollars of Teamsters funds in this bank without interest.

Did he tell you what bank the rest of the money would come from?

Mr. DAVIS. No. Well, he gave me one bank that possibly would participate, but he did not mention the second bank.

Mr. KENNEDY. Did he tell you that they had acquired this Sun Valley project as of that time?

Mr. DAVIS. He did not tell me that they had acquired it at that time.

Mr. KENNEDY. Did he tell you they were interested in acquiring it?

Mr. DAVIS. He did.

Mr. KENNEDY. And he identified it as the Sun Valley project?

Mr. DAVIS. Yes, sir.

Mr. KENNEDY. Mr. Chairman, once again, this bank is located 14 miles from Sun Valley and 40 miles from the other bank where Mr. Henry Lower had been.

The CHAIRMAN. This is an altogether different bank to the one they had deposited the \$500,000 in without interest in order to induce the bank to lend the money. What was the name of the other bank?

Mr. KENNEDY. Florida National Bank of Orlando.

The CHAIRMAN. You are how far from Orlando?

Mr. DAVIS. Approximately 42 miles.

The CHAIRMAN. Are you acquainted with the fact that this other bank had a loan on this property?

Mr. DAVIS. I knew that they did make a loan.

The CHAIRMAN. You knew that there was an outstanding loan?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. Was it contemplated, according to your information, that the moneys secured from you would go to the liquidation of the other indebtedness and thus you would have a first lien or first mortgage on the property?

Mr. DAVIS. We did not discuss it that far.

The CHAIRMAN. You didn't get that far?

Mr. DAVIS. No, sir.

The CHAIRMAN. Why?

Mr. DAVIS. I asked for references of the people who would be associated with him. I checked them out and I declined the loan.

The CHAIRMAN. I think your bank stockholders and directors should commend you.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. During this period they were suggesting they would place a large deposit in your bank, a Teamster deposit, was mention made of any Teamsters officials?

Mr. DAVIS. No, sir; not as I know of.

Senator CURTIS. In other words, Mr. Dranow gave the impression that he would put it there, or cause it to be placed there?

Mr. DAVIS. Yes, sir.

Senator CURTIS. These associates that you checked out, were they Teamsters officials?

Mr. DAVIS. Not as I know of; no, sir.

Senator CURTIS. Where did most of them live?

Mr. DAVIS. I would have to refer to my file.

Senator CURTIS. Do you have your file here?

Mr. DAVIS. Yes, sir.

Senator CURTIS. If it doesn't take too long, tell me who he gave as references and where they were located.

Mr. DAVIS. He gave a man who would be associated with him as Mr. Blum, and gave for his references the Chemical Corn Exchange Bank in New York.

He gave another man who proposed to be in the association as Mr. Vaughn Connolly. He gave for reference the Florida National Bank & Trust Co., of Miami, Fla.

He also gave as a reference for Mr. Blum the Marine Midland Trust Co., of New York. He gave me his own, and Franklin Square National, Franklin Square, Long Island.

He gave me Mr. Sanson, the Miami Beach First National Bank, and also the First National Bank at Orlando.

And Mr. Connolly also was referred to the First National Bank of Miami.

The CHAIRMAN. Did I understand they were to be his associates or references he gave?

Mr. DAVIS. These were people who would be in with the building project, so he told me.

The CHAIRMAN. In other words, they would have an interest in the Sun Valley project?

Mr. DAVIS. He said they would be in the building project with him.

The CHAIRMAN. That could be just the construction end of it.

Mr. DAVIS. Right.

The CHAIRMAN. Is that correct?

Mr. DAVIS. They could be.

The CHAIRMAN. They could be in the construction end of it?

Mr. DAVIS. He did not say what their connection would be in the project.

The CHAIRMAN. He did not say?

Mr. DAVIS. No, sir.

The CHAIRMAN. But they were to be involved?

Mr. DAVIS. That is right.

Senator CURTIS. They were to be sort of partners in the venture?

Mr. DAVIS. I would assume so.

Senator CURTIS. This Blum, was that Irving Blum?

Mr. DAVIS. Yes, sir.

Senator CURTIS. And Herman Oberman? I don't believe you mentioned him.

Mr. DAVIS. I believe he gave his name, but I did not seem to have checked him out. I do not see where I checked him out.

Senator CURTIS. May I ask the staff: Is Irving Blum and Herman Oberman, Stanton Sanson, and Winston—are they union officials, and Vaughn Connolly, are they union officials, employees, or something?

Mr. KENNEDY. They are not Teamsters officials. They are individuals for the most part in the real-estate business.

Senator CURTIS. Are they connected with any other union?

Mr. KENNEDY. Not that we know of.

Senator CURTIS. That is all.

Mr. KENNEDY. For clarification of the record, this incident occurred 21 days after we put the facts into the record in connection with Sun Valley, and it was during the period of time that we had been looking for Mr. Benjamin Dranow. He ultimately appeared before the committee on November 17, 1958. But this was just 21 days after the committee had been highly critical of the fact that individuals were going around promising deposits of Teamsters Union funds in return for loans of money on transactions in which individuals had a personal financial interest.

The CHAIRMAN. Let me ask the witness: Why did you reject the loan?

Mr. DAVIS. Senator, the only thing I can say is I had a hunch.

The CHAIRMAN. Well, if you have others as good as this one, you can, I think, pretty well rely on them.

In other words, did it appeal to you that they would put a million dollars in your bank without interest?

Mr. DAVIS. Not unless I had security to back up my loan it would not; no, sir.

The CHAIRMAN. In other words, you were doubtful of the security, notwithstanding their promise to deposit. They were not pledging those funds. It was simply an inducement to you, that, "Here is a million dollars you can play with, get interest on, and so forth, enhance your deposits, and we will charge you no interest if you will make this loan." That is what it amounted to?

Mr. DAVIS. Yes, sir; but I am not interested in that kind of a loan.

The CHAIRMAN. I think that is very much to your credit.

So this simply didn't have an appeal to you as the right kind of a banking transaction.

Mr. DAVIS. Thank you.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Do we know what particular union funds were offered here, what branch or conference of Teamsters?

Mr. KENNEDY. No; we don't have the answer to that.

The other funds that were sent down there, the \$500,000, came out of local 299, Mr. Hoffa's own local in Detroit.

I might say that that money is still in that bank where he sent it for Mr. Henry Lower. That money is still in that bank and still paying no interest to the Teamsters Union.

Senator CURTIS. Who are the principal officers of 299?

Mr. KENNEDY. Mr. Hoffa is the principal officer.

The CHAIRMAN. That is the Orlando National Bank, the same funds that we exposed in the previous hearing?

Mr. KENNEDY. Yes. It was the understanding, you see, when they deposited the funds down there, that they would keep the funds down there until they repaid the loan. When the whole operation went bankrupt, the bank hadn't gotten its money back, so under the agreement the Teamsters have to keep their money down there and they pay no interest.

The CHAIRMAN. In other words, under the agreement that money is not subject to withdrawal?

Mr. KENNEDY. Until the bank gets its money back.

So the result is that the Teamsters Union members are losing at least 2 percent—

The CHAIRMAN. What is the going rate of interest that banks are paying down there for time deposits?

Mr. DAVIS. We were paying 2½ percent until July 1, and we are paying 3 percent as of July 1.

Mr. KENNEDY. It is all because of the fact that Mr. Hoffa, of course, had a personal interest in this plan.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much. We appreciate your appearance and your testimony.

Call the next witness.

Mr. KENNEDY. S. George Burris.

The CHAIRMAN. Mr. Burris, be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BURRIS. I do.

TESTIMONY OF S. GEORGE BURRIS, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. BURRIS. My name is S. George Burris. I am a certified public accountant. My address is at 19 West 44th Street, New York City.

The CHAIRMAN. Thank you. You have counsel.

Mr. Counsel, identify yourself for the record.

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been a certified public accountant, Mr. Burris?

Mr. BURRIS. Since 1922.

Mr. KENNEDY. Do you spell your name B-u-r-r-i-s?

Mr. BURRIS. That is right.

Mr. KENNEDY. You were also president of the Union Land & Home Co.?

Mr. BURRIS. Yes, sir.

Mr. KENNEDY. Incorporated?

Mr. BURRIS. That is right.

Mr. KENNEDY. What property does Union Land & Home Co., Inc., own?

Mr. BURRIS. What what?

Mr. KENNEDY. What property does the Union Land & Home Co. own?

Mr. BURRIS. What property? Real estate?

Mr. KENNEDY. Yes.

Mr. BURRIS. Well, I don't think it owns any real estate.

Mr. KENNEDY. Does it own any? What is the Union Land & Home—

Mr. BURRIS. It owns, pertaining to this inquiry, it owns the stock in Sun Valley, Inc.

The CHAIRMAN. Owns the stock?

Mr. BURRIS. All the stock.

The CHAIRMAN. It owns all of the stock?

Mr. BURRIS. The capital stock; yes.

Mr. CHAIRMAN. It owns all the stock of Sun Valley, Inc.?

Mr. BURRIS. That is right.

Senator CURTIS. Does it have other assets?

Mr. BURRIS. I think it has.

Senator CURTIS. Are you an officer in it?

Mr. BURRIS. Am I what?

Senator CURTIS. Are you an officer in the Union Land & Home Co.?

Mr. BURRIS. Yes. I am the president of Union Land & Home Co.

Senator CURTIS. Then do they have other assets?

Mr. BURRIS. They have other assets.

Senator CURTIS. What is the nature of those assets?

Mr. BURRIS. I would have to check the records to find that out.

Senator CURTIS. You don't know whether it is stock in other companies?

Mr. BURRIS. I don't think so, but I don't know.

Senator CURTIS. Do they own any mortgages?

Mr. BURRIS. Yes; I think it might own a mortgage.

Senator CURTIS. It might own a mortgage?

Mr. BURRIS. Or mortgages.

Senator CURTIS. What is the total amount of mortgages that are owned?

Mr. BURRIS. I would have to check that. I will get the information from the real principal.

Senator CURTIS. Would you say that its principal asset is the stock in the Sun Valley development?

Mr. BURRIS. Well, I don't know just what you mean by principal asset.

Senator CURTIS. Well, I would say considerably more than half.

Mr. BURRIS. I wouldn't know just how to define the word principal. I would say one of the assets is the Sun Valley stock.

Senator CURTIS. Who are the stockholders in Union Land & Home Co.?

Mr. BURRIS. Well, the stockholders of record are myself and Mr. Harold Shapiro, an attorney.

Senator CURTIS. Harold?

Mr. BURRIS. Shapiro.

Senator CURTIS. What is his address?

Mr. BURRIS. The address is in Miami, Fla.

Senator CURTIS. You say you are the stockholders of record. For whom do you hold the stock?

Mr. BURRIS. For Mr. Benjamin Dranow.

Senator CURTIS. He owns all of it?

Mr. BURRIS. Well, we are holding it as his nominees.

Senator CURTIS. As far as you know, he owns all of it?

Mr. BURRIS. Well, we have an arrangement that if the proposition is successful, we will probably share—I mean as far as I am concerned, I don't know Mr. Shapiro's arrangements—that we will be paid for the time and effort we put into the proposition.

Senator CURTIS. How much money did he put into it?

Mr. BURRIS. I don't know.

Senator CURTIS. Have you been president of it since it was incorporated?

Mr. BURRIS. I think so.

Senator CURTIS. Did anybody else put any money into it?

Mr. BURRIS. Not as far as I know.

Senator CURTIS. You don't know how much he put in?

Mr. BURRIS. I don't know.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Do you mean you haven't put any money into it at all?

Mr. BURRIS. Well, I advanced some expenses. I originally paid some legal fees.

The CHAIRMAN. How much?

Mr. BURRIS. \$2,500, which I subsequently got back.

The CHAIRMAN. How much do you have in it now?

Mr. BURRIS. In expenses?

The CHAIRMAN. How much have you invested in it in dollars and cents?

Mr. BURRIS. I haven't tried to compute it.

The CHAIRMAN. Give us some idea.

Mr. BURRIS. Somewhere between \$5,000 and \$10,000.

The CHAIRMAN. That you have actually invested in it now?

Mr. BURRIS. Well, between expenses and traveling. That would be my guess at the moment.

The CHAIRMAN. Insofar as actually paying anything into the treasury of the company, you haven't?

Mr. BURRIS. No; I haven't.

The CHAIRMAN. You haven't made any investment so far as actually purchasing or making a payment on stock is concerned?

Mr. BURRIS. That is right.

The CHAIRMAN. What percentage are you to get of the stock if the thing becomes successful?

Mr. BURRIS. Well, we have never determined that. We have never gotten together on that.

The CHAIRMAN. You have never gotten together on that?

Mr. BURRIS. No.

The CHAIRMAN. You mean there is no understanding?

Mr. BURRIS. Well, as each proposition is worked out, we have an understanding on the proposition.

The CHAIRMAN. Well, is this a proposition as to how much each shall get?

Mr. BURRIS. I beg your pardon?

The CHAIRMAN. Is that not a proposition as to how much each shall get?

Mr. BURRIS. Well, it all depends on the eventual outcome. If the proposition is profitable.

The CHAIRMAN. Of course, if it goes broke, bankrupt, it has no assets after paying its debts, there would be nothing for anyone. That is what you are trying to say?

Mr. BURRIS. That is right.

The CHAIRMAN. Are you apprehensive that is going to be the outcome of it?

Mr. BURRIS. I don't think so.

The CHAIRMAN. If it is going to be successful, what do you anticipate your part of it is going to be?

Mr. BURRIS. Well, we would sitdown and discuss it and work it out.

Mr. KENNEDY. Have you received some loans from the Teamsters?

Mr. BURRIS. Me, personally?

Mr. KENNEDY. You or any company in which you have had an interest.

Mr. BURRIS. Yes, sir.

Mr. KENNEDY. How much was that and to whom?

Mr. BURRIS. Well, I received a loan. I am a principal in a building in Buffalo, and we received a loan of \$735,000; the Prudential Building in Buffalo.

The CHAIRMAN. How much?

Mr. BURRIS. \$735,000.

Mr. KENNEDY. What building is that?

Mr. BURRIS. The Prudential Building.

Mr. KENNEDY. In Buffalo?

Mr. BURRIS. In Buffalo.

Mr. KENNEDY. And you are the principal?

Mr. BURRIS. I am one of the principals. I am the president and one of the principal stockholders.

Mr. KENNEDY. From whom else did you receive loans?

Mr. BURRIS. From whom else?

Mr. KENNEDY. From whom did you receive the loan?

Mr. BURRIS. From the pension fund.

Mr. KENNEDY. Of the Teamsters?

Mr. BURRIS. Of the Teamsters Union; yes.

Mr. KENNEDY. Which pension fund?

Mr. BURRIS. The Central States, Southeast and—it is a long name—Southeast and Southwest Areas Pension Fund. That is right.

Senator CURTIS. Was it the Central States?

Mr. BURRIS. The Central States.

Senator CURTIS. How much did they put in?

Mr. BURRIS. How much did who?

Senator CURTIS. The Central States Conference of the Teamsters.

Mr. BURRIS. They loaned us \$735,000 on a first mortgage on the property.

Senator CURTIS. What is the property worth?

Mr. BURRIS. About \$1,250,000. That is the lowest appraisal of the property.

Senator CURTIS. Who are the other owners?

Mr. BURRIS. Well, the other owners are Mr. Harris, I.A. Harris, Mr. George Lecay, and Mr. David Saltzman, S. George Burris & Co., and myself, each own 20 percent.

Senator CURTIS. Your company owns 20 percent and you own 20 percent personally?

Mr. BURRIS. That is right.

Senator CURTIS. So you own 40 percent?

Mr. BURRIS. I own 20 and part of the other 20.

Senator CURTIS. What interest do you pay on that loan?

Mr. BURRIS. Five and one-half percent.

Senator CURTIS. Coming back to this Union Land & Home Co., you mentioned how much money you had put into it. Have you ever drawn any out?

Mr. BURRIS. No, sir.

Senator CURTIS. Has Mr. Dranow ever drawn any out?

Mr. BURRIS. I don't know. The company, as far as I know, hadn't had any income and anything that came in would probably be loans. If they were drawn back and forth, Mr. Dranow would probably draw moneys that he advanced to the company.

Senator CURTIS. Did you handle all the money and assets and funds of the Union Land & Home Co.?

Mr. BURRIS. No, sir.

Senator CURTIS. Some of it was handled by Mr. Dranow himself?

Mr. BURRIS. As far as I know, most of it was handled by Mr. Dranow himself.

Senator CURTIS. It did not go through your hands as president?

Mr. BURRIS. No. Just in one or two instances. I drew a couple of checks. But that is all. In fact, some of the accounts I don't sign. I have no right of signature, no right of withdrawal.

The CHAIRMAN. Senator Goldwater?

Senator GOLDWATER. Mr. Burris, you are a CPA?

Mr. BURRIS. Yes, sir.

Senator GOLDWATER. Do you do the auditing for the Union Land & Home Co.?

Mr. BURRIS. There has never been an audit made of the Union Land & Home Co. because in these small real estate companies, usually they are written up at the end of a fiscal year.

Senator GOLDWATER. How long has this company been in existence?

Mr. BURRIS. Since, I think it was—I am not sure of the dates, but I think it was organized in September of 1958.

Senator GOLDWATER. September of 1958. Have you made any income tax returns?

Mr. BURRIS. They are not due yet. The fiscal year isn't over.

Senator GOLDWATER. When are you going to audit these books?

Mr. BURRIS. Well, we will do it sometime between the end of the fiscal year and the time the returns are to be filed.

Senator GOLDWATER. You do no monthly auditing?

Mr. BURRIS. No.

Senator GOLDWATER. But you do have books?

Mr. BURRIS. No, not as far as I know.

Senator GOLDWATER. How are you going to audit?

Mr. BURRIS. Well, we will take the checks and analyze them, the same as we do in most other small real estate companies.

Senator GOLDWATER. You do have checkbooks and stubs?

Mr. BURRIS. We have the checks and check stubs.

Senator GOLDWATER. Who writes the checks?

Mr. BURRIS. Who writes them?

Senator GOLDWATER. Yes. Who signs them?

Mr. BURRIS. Well, they have been signed by—I would have to see the checks. I think they are signed by somebody down in Florida, Mrs. Walker or something.

Senator GOLDWATER. What State is this incorporated under?

Mr. BURRIS. Florida.

Senator GOLDWATER. Under your articles of incorporation, who is authorized to sign the checks?

Mr. BURRIS. Well, I don't think that is specified in the articles of incorporation. Usually you go to a bank and take a look at the resolution. I wouldn't remember what the minutes said on that.

Senator GOLDWATER. What does the resolution say about it?

Mr. BURRIS. Well, I think there were two or three bank accounts that the corporation had. On one of them I had the right to sign checks, and on the others I didn't.

Senator GOLDWATER. On the ones that you didn't have the right to sign checks, who has the right to sign checks?

Mr. BURRIS. Well, from looking at the checks recently, Mrs. Walker, I think. I would have—can I refresh my memory on that?

Senator GOLDWATER. Anybody else but Mrs. Walker?

Mr. BURRIS. I don't know offhand. I would have to look at the checks. We gave photostats of all these checks to your investigating committee.

Senator GOLDWATER. You are a CPA. Do you think you are going to have much difficulty auditing the books of this corporation?

Mr. BURRIS. I don't know. I don't think we have ever had any difficulty auditing any books beyond any reasonable—there aren't so many transactions there that I suppose we can't eventually get an explanation. We just haven't gotten around to it.

Senator GOLDWATER. It seems rather peculiar that a CPA, who is president of a corporation, wouldn't have any more interest in what is going on in the corporation than you evidently have. You don't know who can sign checks; you can't tell us amounts.

Were you actually the president of this corporation or were you just put up there maybe as a front?

(The witness conferred with his counsel.)

Mr. BURRIS. When you say a "front," you could call it a front in certain respects, except that I had an interest in development of the Sun Valley project and I would share in that.

Senator GOLDWATER. Could you make any decisions as president?

Mr. BURRIS. Could I make any decisions?

Senator GOLDWATER. Yes; that the president usually can make.

Mr. BURRIS. I was acting, really, for a principal.

Senator GOLDWATER. Who was the principal?

Mr. BURRIS. Mr. Dranow.

Senator GOLDWATER. Mr. Dranow? Is Mr. Dranow, in effect, the president of the company?

Mr. BURRIS. Well, he is the principal that I am acting for, except that I have a participation in this particular transaction, and I imagine that he would consult me as to——

Senator GOLDWATER. Do you have a board of directors?

Mr. BURRIS. What?

Senator GOLDWATER. Do you have a board of directors?

Mr. BURRIS. Yes. The board of directors, if I remember correctly, are Mr. Shapiro, myself, and Mrs. Walker.

Senator GOLDWATER. Have you ever met?

Mr. BURRIS. No, I mean—when you say met——

Senator GOLDWATER. I mean have you met as a corporation?

Mr. BURRIS. For a special meeting? Except for the first incorporation and occasionally for routine bank resolutions or something like that, we have never met.

Senator GOLDWATER. How many times have you met for the purpose of acting on bank resolutions?

Mr. BURRIS. Well, we don't actually have a meeting. The resolution is drawn up and I sign and the other people sign and it is put in the minutes.

Senator GOLDWATER. You do it by mail?

Mr. BURRIS. What?

Senator GOLDWATER. You do it by mail?

Mr. BURRIS. Sometimes. Most of the time by mail.

Senator GOLDWATER. That is all, Mr. Counsel.

It is a mighty funny corporation.

Mr. BURRIS. I beg your pardon?

Senator GOLDWATER. It is a mighty funny corporation, and I don't mean "funny" as "ha ha."

Mr. KENNEDY. Did Mr. Benjamin Dranow assist you in any way in obtaining the loan that you received from the pension and welfare fund of the Central Conference of Teamsters?

Mr. BURRIS. No, sir; he didn't assist me.

Mr. KENNEDY. Did he help you draw up the papers?

Mr. BURRIS. No.

Mr. KENNEDY. He didn't participate at all?

Mr. BURRIS. No. I knew he had gotten a loan previously, and that is how I thought of going to the Teamsters.

Mr. KENNEDY. What do you mean he had gotten it?

Mr. BURRIS. I knew he had gotten a loan through the Thomas Co. I had known Mr. Dranow.

Mr. KENNEDY. Did Dranow assist you or did you consult with him at all about this loan that you received?

Mr. BURRIS. No. I don't need anybody to assist me in preparing papers or in connection with a loan or any financial transaction.

Mr. KENNEDY. Did you consult with him about it?

Mr. BURRIS. Beyond preliminary conversation, asking him just what would be—well, where to apply and so on and so forth.

Mr. KENNEDY. So you consulted with him as far as that was concerned, at the beginning, to initiate the loan?

Mr. BURRIS. Well, if you call that a consultation; yes.

Mr. KENNEDY. Well, that is what it is.

I am going to come back to that in a moment, but I want to ask you this: You are president of Union Land & Home?

Mr. BURRIS. Yes, sir.

Mr. KENNEDY. How much of the stock is in your name?

Mr. BURRIS. Seventy-five percent.

Mr. KENNEDY. And you hold that as a front for Benjamin Dranow?

Mr. BURRIS. Well, if you call it that term, I won't argue with you about it.

Mr. KENNEDY. Is there any other term that you would use? Is there any other term?

Mr. BURRIS. You can call it an agent or something like that.

Mr. KENNEDY. You are an agent for Benjamin Dranow?

Mr. BURRIS. Well, in that respect I guess you would call it.

Mr. KENNEDY. Who holds the other 25 percent?

Mr. BURRIS. Mr. Shapiro.

Mr. KENNEDY. Who is Mr. Shapiro?

Mr. BURRIS. He is an attorney.

Mr. KENNEDY. Is he Benjamin Dranow's attorney?

Mr. BURRIS. Yes, sir.

Mr. KENNEDY. Do you understand that he also holds that 25 percent for Benjamin Dranow?

Mr. BURRIS. I think so.

Mr. KENNEDY. So Mr. Benjamin Dranow, in fact, owns all of Union Land; is that correct?

Mr. BURRIS. Yes, sir; except that we would probably get some participation if the transaction was profitable, and we would get our fees for the time.

Mr. KENNEDY. Why didn't Mr. Benjamin Dranow want to be the owner in public of the union home and land?

Mr. BURRIS. Owner of the what?

Mr. KENNEDY. Why did he do it through an agent?

Mr. BURRIS. Well, I don't know. I wouldn't know exactly, but I imagine that I was the one that was originally, before the corporation was formed, working with him on this thing.

Mr. KENNEDY. Did he discuss with you the fact that he did not want to be the owner of record?

Mr. BURRIS. Well, he told me that he would like me to be the owner of record, that it would be easier to deal with principals because I was a CPA, well versed in financial transactions, and that he would—and that since I had brought certain people in, I was supposed to be part of an original group that would take the whole thing over from him originally, that I would continue as the nominal representative of the corporation.

Mr. KENNEDY. Once that had fallen through there was no reason to continue that procedure once it had been decided that you wouldn't buy Sun Valley and he was going to get control of it. What was the reason for your being the front man and his being the actual owner?

Mr. BURRIS. Because I believed in the proposition, I thought I could interest other people, and I thought we could eventually make it a good proposition.

Mr. KENNEDY. I am talking about what hapened after you decided that you wouldn't do that and he went in to take it over himself. why was it necessary to do it through you?

(At this point Senator Goldwater withdrew from the hearing room.)

Mr. BURRIS. I think you would have to ask Mr. Dranow that.

Mr. KENNEDY. You had some discussions with him about it, Mr. Burris.

Mr. BURRIS. Well, offhand, we have done that in many other instances for our clients who asked us to; it is not new.

Mr. KENNEDY. Did he discuss the fact that he had received some notoriety in connection with this investigation, some notoriety in connection with the fact that on his previous loan from the Teamsters, the department store had gone into bankruptcy and that he had better not appear as the owner, that he should keep his interest hidden?

Mr. BURRIS. No; we didn't discuss it from that point of view.

Mr. KENNEDY. Did you discuss at all the fact that he had received this notoriety and that he shouldn't be in the front in this matter?

Mr. BURRIS. Well, I knew something about Mr. Dranow's past, and I think that I would be—well, my standing as a professional man might help in financial dealings with banks and others.

Mr. KENNEDY. At least he stated to you that he did not want to be openly identified with the company; is that correct?

Mr. BURRIS. I beg your pardon?

Mr. KENNEDY. At least he stated to you that he did not want to be openly identified with the company?

Mr. BURRIS. No; I think he was pretty active with these people.

Mr. KENNEDY. As far as the public was concerned, he stated to you, did he not—

Mr. BURRIS. We never discussed the public as far as this goes.

Mr. KENNEDY. As far as public information or public knowledge was concerned, he stated to you that he did not want to be openly identified with the company, did he not? Did he not make a statement to that effect to you?

Mr. BURRIS. No; I don't think it was ever put exactly that way.

Mr. KENNEDY. How was it put? You tell me again.

Mr. BURRIS. Well, he thought that I would be a representative of the corporation that would carry a certain amount of prestige.

Mr. KENNEDY. After the company was formed, you obtained an option to purchase Henry Lower's interest; is that correct?

Mr. BURRIS. Yes; an option was obtained to purchase it.

Mr. KENNEDY. Who handled that transaction?

Mr. BURRIS. I don't know. It was handled down in Florida. I don't know who handled that.

Mr. KENNEDY. Did you understand Mr. Dranow handled that operation?

Mr. BURRIS. I don't know who handled it. I know that the option was obtained. I wasn't in Florida at the time.

Mr. KENNEDY. Was there any discussion about Mr. Hoffa's interest in Sun Valley?

Mr. BURRIS. Not at that time.

Mr. KENNEDY. Was there subsequently?

Mr. BURRIS. Well, subsequently, Mr. Dranow and I were informed that there was such an option, and we got in touch with Mr. Hoffa and got him to release the option.

Mr. KENNEDY. And his option was for what interest?

Mr. BURRIS. Forty-five percent, I believe, if I remember correctly.

Mr. KENNEDY. Did he give you a release on that?

Mr. BURRIS. Well, yes; if you call it that. It was written by myself, and I think it was equivalent to a release.

Mr. KENNEDY. Did you meet with Mr. Hoffa in connection with that?

Mr. BURRIS. Yes, sir.

Mr. KENNEDY. Who arranged the meeting?

Mr. BURRIS. I wouldn't remember that. I don't know whether I called or Mr.——

Mr. KENNEDY. Did Mr. Dranow arrange the meeting?

Mr. BURRIS. I don't remember offhand. Whether it was Mr. Dranow or myself, I couldn't remember that.

Mr. KENNEDY. Did you know Mr. Hoffa?

Mr. BURRIS. Yes; I had met Mr. Hoffa.

The CHAIRMAN. I hand you here what purports to be a photostatic copy of the release that Mr. Hoffa executed apparently on November 25, 1958, a release bearing a signature and apparently witnessed by you.

I ask you to examine this photostatic copy and state if you recognize it as such.

(The document was handed to the witness.)

Mr. BURRIS. Yes, sir; I gave this copy to your agent, to your investigator.

The CHAIRMAN. That may be made exhibit No. 15.

(Document referred to was marked "Exhibit No. 15" for reference and will be found in the appendix on p. 19127.)

The CHAIRMAN. That release was issued after the exposé of this transaction?

Mr. KENNEDY. That is right, November 25, 1958. It states:

To Whom It May Concern:

I, James R. Hoffa, hereby waive my option to purchase 45 percent of the stock at Sun Valley, Inc., granted by Henry Lower on April 15, 1955.

It is signed "James R. Hoffa."

The CHAIRMAN. I present to you what purports to be a photostatic copy of what is entitled "Agreement of Sale." It appears to be dated on the 16th day of March 1959, and is signed by Union Land & Home Co., Inc., by S. George Burris, president, and also signed by Henry Lower, and in the presence of others as witnesses.

Will you please examine this photostatic copy and state if you identify it as such?

(The document was handed to the witness.)

Mr. BURRIS. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 16.

(Document referred to was marked "Exhibit No. 16" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. By the agreement between Henry Lower and Union Land, No. 1, the company agreed to purchase from Lower all of his

interest in the outstanding capital stock of Sun Valley, consisting of 90 percent of such stock; is that correct?

Mr. BURRIS. That is right.

Mr. KENNEDY. No. 2, Union Land shall pay to Lower as a consideration for such purchase, \$20,000 in the following manner: \$18,000 shall be paid upon the execution of the agreement. Is that correct?

Mr. BURRIS. Pardon me a moment.

Mr. ALLDER. Can we have that in front of us?

Mr. KENNEDY. Yes.

Union Land shall pay to Lower, as a consideration for such purchase, \$20,000 in the following manner: \$18,000 shall be paid upon the execution of the agreement.

Mr. BURRIS. Yes; yes, sir.

Mr. KENNEDY. And the remaining sum of \$2,000 shall be retained by Union Land in consideration for its undertaking as follows: Union Land covenants with Lower that as the holder of 90 percent of the stock of Sun Valley, Inc., it will obtain from Sun Valley, Inc., an agreement approved by the directors of such corporations, and this is the important part, to accept the sum of \$2,000 held by Union Land as a full settlement of Lower's liability now appearing on the books of Sun Valley, Inc., in the sum of approximately \$134,000; and upon such approval by the directors to pay over the sum of \$2,000 in satisfaction thereof.

Mr. Lower had taken, at least according to the books, had taken \$134,000, and you were taking \$2,000 in settlement for that?

Mr. BURRIS. Well, the trial balance that we had that was filed with the bankruptcy court showed this as the outstanding obligation from Mr. Lower.

The CHAIRMAN. How much outstanding obligation?

Mr. BURRIS. It showed a receivable item of this amount.

The CHAIRMAN. What amount?

Mr. BURRIS. \$134,000. He couldn't pay it. He claimed that he didn't owe it and all that sort of business, and that he could account for the moneys, but there was no point in pressing it because he claimed he was broke and didn't have anything.

Mr. KENNEDY. When he said he could account for the moneys, did you ask him to account for them?

Mr. BURRIS. Well, that will come up later on when the Government examines him as to what he did with the money.

Mr. KENNEDY. This is your own personal financial transaction with him. What I don't understand is, if he said he could account for the money, why you didn't ask him to account for the money.

Mr. BURRIS. Well, this is in a chapter 10 proceeding. It is in the hands of a court. If anybody has to account to anybody, he would have to account to the bankruptcy court.

The CHAIRMAN. Wouldn't you want him to account to you?

Mr. BURRIS. Well, we said that as purchasers we wouldn't press this obligation; that is all.

The CHAIRMAN. You had no interest?

Mr. BURRIS. As stock purchasers. That doesn't relieve him from any responsibility as far as any court or any creditor.

The CHAIRMAN. If it is an asset, if you purchased the stock you are entitled to have the debt paid to you, are you not?

Mr. BURRIS. Not if the debtor can't pay. It would just be a fantasy to try to pursue it.

The CHAIRMAN. In other words, you didn't determine, you didn't make any effort to actually determine it. You simply took his word?

Mr. BURRIS. There is a statement in here that says he is broke and can't pay anything, and his affidavit.

The CHAIRMAN. That is what I am saying. You just took his word for it, that he is broke and can't pay it, and he said he could account for it, so you let it go at that.

Mr. BURRIS. He will have to account to the regular courts.

The CHAIRMAN. He may have to account for it from the standpoint of income taxes or something.

Mr. BURRIS. Well, that is his headache.

The CHAIRMAN. But he did not account to you, who were purchasing the stock.

Mr. BURRIS. No; we didn't pursue it.

The CHAIRMAN. In other words, the \$134,000 item that he owed according to the books of the company, you accepted for \$2,000. You paid him \$2,000, that is correct, or withheld \$2,000 from the purchase price?

Mr. BURRIS. The only thing we said was that we withheld \$2,000.

The CHAIRMAN. All right.

Mr. KENNEDY. This is part of the money, Mr. Chairman, that we traced out of Sun Valley up into the land scheme up in Michigan. Of course, it is of some interest.

Let me ask you this: Who made these arrangements that you would accept the \$2,000?

Mr. BURRIS. Incidentally, this also includes other items besides Sun Valley, this agreement.

Mr. KENNEDY. Who made the arrangements in connection with the \$2,000?

Mr. BURRIS. We discussed it at that time when we were with Mr. Lower. That was an arrangement that we decided upon when we got together.

Mr. KENNEDY. Did you know of this arrangement before you went down there to meet?

Mr. BURRIS. No.

Mr. KENNEDY. Hadn't it been discussed by Mr. Benjamin Dranow and Mr. Henry Lower?

Mr. BURRIS. No. No; this was done in Detroit when we got together.

Mr. KENNEDY. Didn't Mr. Benjamin Dranow know that the price was to be \$18,000?

Mr. BURRIS. Yes.

Mr. KENNEDY. So there must have been some discussion about it prior to your arrival.

Mr. BURRIS. No; that was left to me in our discussions with Mr. Lower when we got up. That was the first time I had met with Mr. Lower, and we worked out the agreement to satisfy everybody, and here it is.

Mr. KENNEDY. But prior to that time, Mr. Benjamin Dranow knew that the figure would be \$18,000, did he not?

Mr. BURRIS. That is right.

Mr. KENNEDY. So he must have had some discussions prior to that time.

Mr. BURRIS. No; this was my discussion with Mr. Lower.

Mr. KENNEDY. You didn't know until you arrived there that it was going to be \$18,000, did you?

Mr. BURRIS. No, I knew that it was going to be \$18,000.

Mr. KENNEDY. Who had told you?

Mr. BURRIS. Mr. Dranow.

Mr. KENNEDY. Where did the money come from, the \$18,000?

Mr. BURRIS. I don't know.

Mr. KENNEDY. Who paid that?

Mr. BURRIS. When I arrived in Detroit, there was a bank that had a draft ready for us, addressed to me.

Mr. KENNEDY. Didn't Mr. Benjamin Dranow tell you about that draft?

Mr. BURRIS. That is right.

Mr. KENNEDY. May I just point out, Mr. Chairman, that this is quite an operation and a great favor for Mr. Henry Lower, who had been involved in this financial deal with Mr. Hoffa earlier. It also gave Mr. Benjamin Dranow control of the company at that period of time.

Did Union Land make any loans or advance any money to any Teamster Union official?

Mr. BURRIS. Well, I since found out that there was a loan made of \$17,000 to one of the Teamster officials.

Mr. KENNEDY. Who was that?

Mr. BURRIS. Mr. Roy Williams, with his land as security for the loan.

Mr. KENNEDY. And that was a loan of \$17,000 which was made by Union Land on January 26, 1959?

Mr. BURRIS. Well, I don't remember the date, but if you have the date I will assume it is correct.

Mr. KENNEDY. And payable to Roy Williams?

Mr. BURRIS. That is right.

Mr. KENNEDY. He is head of the Teamster Local 41 in Kansas City; is that right?

Mr. BURRIS. I am not familiar with the numbers of the locals, but if you say that is the number, it is all right with me.

Mr. KENNEDY. How did you happen to make that loan to him?

Mr. BURRIS. Well, I had met Mr. Williams. We got to talking and he mentioned something about the fact that he had some land on which he wanted a loan. He was talking about considering getting a loan, and I said, "Well, maybe we can arrange it for you."

I called up Mr. Dranow when I got back a day or so later, and from that point on it was handled by some attorneys back and forth who checked it and then a loan was made.

Mr. KENNEDY. Mr. Roy Williams, as well as being head of the Teamster Local 41 in Kansas City, is also a trustee of the Central States, southeast and southwest areas pension fund.

Do you know that?

Mr. BURRIS. Yes, I know it now. I didn't particularly notice when I was before the committee that he was one of the trustees.

Mr. KENNEDY. Have you received any other loan from that fund other than the \$735,000 in December of 1958?

Mr. BURRIS. Well, we had a loan approved of \$1,400,000 on some property that another party and our group were principals in. We didn't take the money yet. We just had the loan approved.

Mr. KENNEDY. When was it approved?

Mr. BURRIS. I think it was approved a couple of months ago, 2 or 3 months. I don't remember the exact date.

Mr. KENNEDY. That is again from the Central States pension fund?

Mr. BURRIS. That is right.

Mr. KENNEDY. What is that loan for?

Mr. BURRIS. For a housing project that is being constructed, and it is going to be constructed in Fullerton, Calif.

Mr. KENNEDY. What interest do you pay on that?

Mr. BURRIS. I don't remember. I think it is 6 percent. I am not sure. I think it is 6 percent.

Mr. KENNEDY. Did you speak to Mr. Hoffa about obtaining that loan?

Mr. BURRIS. To Mr. Hoffa personally?

Mr. KENNEDY. Yes.

Mr. BURRIS. No.

Mr. KENNEDY. Did you speak to Mr. Benjamin Dranow about obtaining his help on that loan?

Mr. BURRIS. About what?

Mr. KENNEDY. About obtaining his help on that loan.

Mr. BURRIS. No. I don't need his help in obtaining a loan.

Mr. KENNEDY. Did you speak to him about the loan?

Mr. BURRIS. Well, he knows that I made the application for the loan.

Mr. KENNEDY. Did he help you at all, as he helped you in the other one?

Mr. BURRIS. Well, I don't know exactly what you mean by "help."

Mr. KENNEDY. Did he give you any assistance of any kind?

Mr. BURRIS. No. I don't need any assistance.

Mr. KENNEDY. I just want to find out if he gave you any. Did he give you any assistance?

Mr. BURRIS. No.

Mr. KENNEDY. No assistance at all?

Mr. BURRIS. When you say "assistance," you mean physical assistance of some kind?

Mr. KENNEDY. Did you consult with him about it; did you talk to him about it?

Mr. BURRIS. Well, I might have talked to him about it, but I don't need his assistance in presenting a loan.

Mr. KENNEDY. Did he intercede in any way on your behalf to obtain the loan?

Mr. BURRIS. Not that I know of.

Mr. KENNEDY. Did he relate to you that he had spoken to Mr. Hoffa about obtaining the loan?

Mr. BURRIS. Not that I know of.

Mr. KENNEDY. You would know. I am just asking you if he told you that.

Mr. BURRIS. No.

Mr. KENNEDY. Did he tell you that?

Mr. BURRIS. Did he tell me that he would speak to Hoffa to get the loan for me?

Mr. KENNEDY. Yes.

Mr. BURRIS. No.

Mr. KENNEDY. Did he tell you he spoke to anyone to obtain the loan for you?

Mr. BURRIS. No, not that I can remember.

Mr. KENNEDY. Have you had any other financial transactions with Mr. Benjamin Dranow other than Sun Valley and union home and land?

Mr. BURRIS. Well, I have loaned Mr. Dranow some money and he has paid it back. It had nothing to do with Sun Valley.

Mr. KENNEDY. Different sums at times?

Mr. BURRIS. Different sums at times.

Mr. KENNEDY. Tell us about that.

Mr. BURRIS. I would have to check the records. I loaned him \$22,000, which he paid back.

Mr. KENNEDY. \$22,000?

Mr. BURRIS. That is right.

Mr. KENNEDY. When was that?

Mr. BURRIS. I would have to check the records.

Mr. KENNEDY. Last year was it?

Mr. BURRIS. It might have been last year or the early part of this year.

Mr. KENNEDY. What other loans have you made to him?

Mr. BURRIS. I have made several loans back and forth, smaller loans and larger loans. The last one was \$25,000, which he paid back.

Mr. KENNEDY. When was that?

Mr. BURRIS. A few months ago.

Mr. KENNEDY. So you loaned him money occasionally over the period of the past year or year and a half?

Mr. BURRIS. That is right. No, not a year and a half. Since last fall.

Senator CURTIS. Mr. Chairman, may I ask a question?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. As a CPA, have you done work for any branch of the Teamsters Union?

Mr. BURRIS. Yes, sir.

Senator CURTIS. What services have you performed?

Mr. BURRIS. Well, we looked over some pension fund agreements, prepared some memorandums on it whether receiving pension in a lump, a lump sum, or partial payment plan, and we have looked at the systems in a couple of their branches to see whether they were complete, and adequate and proper systems of accounting.

Senator CURTIS. And you certified them as such?

Mr. BURRIS. No, we didn't certify to anything.

Senator CURTIS. Over how long a period of time have you been employed by the Teamsters?

Mr. BURRIS. It is only in the last couple of months. That is special employment. We are not really employees of the Teamsters.

Senator CURTIS. They paid you for that?

Mr. BURRIS. Yes.

Senator CURTIS. How much did they pay you?

Mr. BURRIS. \$3,000 including the traveling expenses.

Senator CURTIS. That is all.

Mr. KENNEDY. Who arranged that?

Mr. BURRIS. Well, originally a couple of the officials came up to our office with the pension plans.

Mr. KENNEDY. Who were they?

Mr. BURRIS. I would have to check my records. I don't remember. I am not very good at names.

Mr. KENNEDY. Who finally made the arrangements for you to go out and do this work?

Mr. BURRIS. The final arrangements? There was a series of a couple of arrangements and then we——

Mr. KENNEDY. Who did it?

Mr. BURRIS. Who did it?

Mr. KENNEDY. Yes. Who arranged it?

Mr. BURRIS. I can't hear you. You are talking too loud and I don't get it on my hearing aid.

Mr. KENNEDY. Who arranged for you to do the work for the Teamsters?

Mr. BURRIS. Well, I think they were recommendations to some of the officials from Mr. Hoffa.

Mr. KENNEDY. From Mr. Hoffa?

Mr. BURRIS. I think so.

Mr. KENNEDY. And who were the officials to whom he made the recommendations?

Mr. BURRIS. I would have to check my records.

The CHAIRMAN. Who were the officials you dealt with?

Mr. BURRIS. I dealt with several. The original one, I think, was some officials from Detroit. There were two or three who came up to my office. I would have to check my records to get the names. I am very poor at remembering.

The CHAIRMAN. Did this occur within the last couple of months?

Mr. BURRIS. Yes.

The CHAIRMAN. And you can't remember the name of a single one of them?

Mr. BURRIS. Well, most of the time you met people in a group, and I am hard of hearing anyway. Sometimes I even have my hearing aid off.

The CHAIRMAN. Sometimes that could be an advantage.

Mr. BURRIS. I have a very poor memory for names anyway, Senator. Everybody knows that. I can meet you and 2 hours later if you weren't as prominent I wouldn't remember your name if you were introduced to me.

The CHAIRMAN. Do you think you are going to forget me in a couple of hours?

Mr. BURRIS. No, sir.

The CHAIRMAN. Do you know Mr. Hoffa personally?

Mr. BURRIS. Well, I don't know just what you call personally. I have only met him through business channels, never personally.

The CHAIRMAN. Through what?

Mr. BURRIS. Through normal routine what I called business channels, the same as I try to meet a lot of people.

The CHAIRMAN. That is one way of getting acquainted with people, through business channels, isn't it?

Mr. BURRIS. Well, I mean in the course of normal professional attempts to meet people so that you can build up your accounting and professional practice.

The CHAIRMAN. We understand that. I am not asking anything out of the ordinary. Do you know him personally? You know what I mean by that.

Mr. BURRIS. No, I wouldn't call myself a personal friend of Mr. Hoffa.

The CHAIRMAN. I didn't ask anything about friendship. Do you know him personally? When you see him, do you know him? Have you met him?

Mr. BURRIS. Yes, of course.

The CHAIRMAN. You have met him?

Mr. BURRIS. Yes.

The CHAIRMAN. And you have had conversations with him?

Mr. BURRIS. I have had some talks with him. In fact, I told him I was a pretty good tax man, and so on.

The CHAIRMAN. You recommended yourself highly?

Mr. BURRIS. Yes, sir; I always do.

The CHAIRMAN. And he found out you were just the kind he needed?

Mr. BURRIS. Well, he and about 250 other of my clients who are not connected with labor unions.

The CHAIRMAN. I didn't say they were.

Mr. BURRIS. Well, I just thought you might be——

The CHAIRMAN. Was he there when you worked out these arrangements for you to do this accounting work? Was he personally present?

Mr. BURRIS. No, on the original ones he wasn't personally present. It was only when we came to a discussion of the fee that I went up to see Mr. Hoffa and batted around with him.

The CHAIRMAN. You batted around with him so he knew about the transaction. Why did you hesitate to say you knew him personally?

Mr. BURRIS. I beg your pardon?

The CHAIRMAN. Why did you hesitate? Why do we have to go through all of this to drag out the fact you know him personally?

Mr. BURRIS. Because there is a difference in my opinion in knowing a person personally and knowing a person.

The CHAIRMAN. There is a difference between person and personally. Well, you draw the distinction.

Proceed.

Mr. KENNEDY. Who introduced you to Mr. Hoffa?

Mr. BURRIS. Who introduced me? I couldn't remember that. I don't remember whether I was introduced to him or said hello to him myself or met him somewhere.

Mr. KENNEDY. Where did you meet him first?

Mr. BURRIS. I wouldn't remember that offhand.

Mr. KENNEDY. When did you start to work for the Teamsters?

Mr. BURRIS. For who?

Mr. KENNEDY. For the Teamsters.

Mr. BURRIS. I would have to check my records. I don't remember.

Mr. KENNEDY. Was it in the last few months?

Mr. BURRIS. In the last few months.

Mr. KENNEDY. This was after the loan was made to Mr. Roy Williams; is that correct?

Mr. BURRIS. I would have to check my records. I wouldn't remember that offhand. I think so.

The CHAIRMAN. Did you bring the records with you on this matter? Do you have them there?

Mr. BURRIS. On Roy Williams? I don't think so.

Mr. KENNEDY. Do you have your records there?

The CHAIRMAN. Don't you know what you have?

(The witness conferred with his counsel.)

Mr. BURRIS. Your investigators know the dates. They have copies of all of this.

Mr. KENNEDY. We haven't the names of the people who introduced you or when you had the meetings.

Mr. BURRIS. You are talking about the loan of—

Mr. KENNEDY. January 26, this year, the loan was.

Mr. BURRIS. No; that was after that date. I mean the work I did after that date.

Mr. KENNEDY. The work that you did for the Teamsters came after that loan?

Mr. BURRIS. Yes.

Mr. KENNEDY. The two loans, Mr. Chairman, were—the first loan of \$735,000 was made to the Buffalo Holding Corp. The second loan of \$1,400,000 was to the First Berkeley Corp. Is that right?

Mr. BURRIS. That is right.

Mr. KENNEDY. Have you ever had any other financial transactions with Mr. Dranow?

Mr. BURRIS. Have I had any other finance—I told you I had some transactions back and forth.

Mr. KENNEDY. Other than the loans and this union land?

Mr. BURRIS. Not as far as I know; but when you ask it in front of a committee, I would say I would have to check my records.

Mr. KENNEDY. Will you check your records and give us the answer to that, and also give us the names of the Teamsters' officials that you met with for the first time?

Mr. BURRIS. All right.

Mr. KENNEDY. Mr. Chairman, I would like to put some documents into the record in connection with the second loan.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. May, Mr. Chairman.

The CHAIRMAN. Mr. May, please be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAY. I do.

TESTIMONY OF WALTER R. MAY

The CHAIRMAN. State your name and present position with this committee and how long you have held it.

Mr. MAY. Walter R. May, assistant counsel to the committee since its inception.

The CHAIRMAN. And have you made an investigation of the subject matters here under inquiry?

Mr. MAY. Yes, sir; I have.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You have a couple of letters that we want to place into the record?

Mr. MAY. Yes, sir.

Mr. KENNEDY. Will you give us the substance of those letters, to whom they are addressed and so forth?

Mr. MAY. This first letter is addressed to all trustees on the screening committee.

The CHAIRMAN. All trustees on what?

Mr. MAY. On the screening committee. Senator, that means the Screening Committee of the Central States, Southeast-Southwest Areas Pension Fund.

This letter is from the firm of Goldberg, Previant & Cooper, by Alfred G. Goldberg, who at this time conducted some inquiries into the situations regarding the applications for loans.

The CHAIRMAN. What applications?

Mr. MAY. All applications for loans during this period. The letter reads:

I enclose herewith an application and supporting data for the first mortgage loan submitted by the First Berkeley Corp. of New York City in the sum of \$1,500,000 on a garden apartment development to be constructed in Fullerton, Calif., which is in a suburb of Los Angeles. The application states that they want to amortize the loan at the rate of 9 percent, which is \$135,000 per year, 6 percent being on interest and the balance on principal.

The CHAIRMAN. Is that a photostatic copy of the letter?

Mr. MAY. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 17.

(Letter referred to was marked "Exhibit No. 17" for reference and will be found in the appendix on p. 19128.)

Mr. MAY. I have here a second letter dated February 6, 1959, directed to Mr. Alfred Goldberg, Padway, Goldberg & Previant, Milwaukee, Wis., and it is from James R. Hoffa, general president of the Teamsters, and it reads:

DEAR AL: I am returning to you the file on garden apartment development at Fullerton, Calif. After going over the material submitted, I would recommend as one member of the screening committee that a subcommittee be set up for further investigation of this project and if it can meet the requirement of the fund where the loan is not in excess of 66 percent, I will vote in behalf of the loan. I would appreciate your taking this up at the meeting on the ninth as my recommendation.

The CHAIRMAN. That letter may be made exhibit No. 18.

(Letter referred to was marked "Exhibit No. 18" for reference and will be found in the appendix on p. 19129.)

Mr. KENNEDY. That letter is dated February 6?

Mr. MAY. Yes.

Mr. KENNEDY. And the letter that went with all of this material to the individual members of the screening committee was sent out on February 5?

Mr. MAY. Yes, sir.

Mr. KENNEDY. This was sent out the following day?

Mr. MAY. That is true.

Mr. KENNEDY. So he had reviewed it and made a recommendation in connection with it?

Mr. MAY. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Could we try to finish up with this one subject?

The CHAIRMAN. All right.

Thank you very much. You may stand aside for the present.

Call the next witness.

Mr. KENNEDY. Mr. Blum.

The CHAIRMAN. Mr. Blum, be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLUM. I do.

**TESTIMONY OF IRVING BLUM, ACCOMPANIED BY COUNSEL,
N. J. SCHUMER**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. BLUM. Irving Blum, 200 East Mosholu Parkway, New York. Real estate and accountant.

The CHAIRMAN. Thank you. You have counsel with you?

Mr. BLUM. Yes. He is my associate and counsel.

The CHAIRMAN. You have a right to have counsel.

Do you appear as counsel?

Mr. SCHUMER. As counsel, yes.

The CHAIRMAN. Will you identify yourself for the record?

Mr. SCHUMER. N. J. Schumer, New York.

Mr. KENNEDY. Mr. Blum, you have, for a number of years, been a land developer?

Mr. BLUM. Yes, sir.

Mr. KENNEDY. Particularly in Florida properties; is that right?

Mr. BLUM. Yes, sir.

Mr. KENNEDY. You have had some business dealings with S. George Burris in the course of time?

Mr. BLUM. I do.

Mr. KENNEDY. In the early fall of 1958 you were approached by George Burris, is that right, who attempted to interest you and a group of others in purchasing Sun Valley?

Mr. BLUM. I did.

Mr. KENNEDY. And at that time the stock of Sun Valley was owned by Union Land & Home Co.; is that what you understood?

Mr. BLUM. At that time; yes.

Mr. KENNEDY. And he had an interest at that time?

Mr. BLUM. That is right.

Mr. KENNEDY. What did he tell you initially as to where they understood the financing was going to come from?

Mr. BLUM. Well, originally he told me there were a lot of roads to be built and it would require substantial sums of money and he thought he could get it from the union.

Mr. KENNEDY. From the Teamsters Union?

Mr. BLUM. The Teamsters Union.

Mr. KENNEDY. This is what Mr. Burris told you?

Mr. BLUM. That is right.

Mr. KENNEDY. Would you relate what other conversations you had with him?

Mr. BLUM. He told me there was a valuable piece of property at Cocoa, Fla., and there were about 1,700 contracts that were sold there, but the union members received nothing for it, there were no roads, no developments there, and he wanted somebody to go in there and put it in shape.

Mr. KENNEDY. And he told you initially that they expected the financing would come from the Teamsters Union itself?

Mr. BLUM. For the road work.

Mr. KENNEDY. For the road work?

Mr. BLUM. That is right.

Mr. KENNEDY. What did you do? What further information did you find out about it?

Mr. BLUM. We took a trip down there. We checked into the property and it seemed all right. We hired a firm of attorneys in Orlando to see what arrangements could be made with the bank down there to take a part payment on the mortgage to step in. But after several conferences we found out that it would have to be an all-cash deal.

Mr. KENNEDY. What else did you learn about the property?

Mr. BLUM. As to its value?

Mr. KENNEDY. Yes.

Mr. BLUM. Well, it was a valuable piece of property but it had been mishandled.

Mr. KENNEDY. In what way?

Mr. BLUM. Nothing had been done to put the property in shape. There were a few houses built there, and a short road of about 2,000 feet. But there was no possibility for the purchasers to get into their property. There was nothing there.

Mr. KENNEDY. Did you understand that individuals had already purchased some lots on this property?

Mr. BLUM. Yes, about 1,700.

Mr. KENNEDY. 1,700 people?

Mr. BLUM. 1,700 people had purchased lots, had contracts.

Mr. KENNEDY. Were they able to determine where their lots were?

Mr. BLUM. Well, not the way the property is now.

Mr. KENNEDY. Were they able to get into their lots?

Mr. BLUM. No, it is just acreage now.

Mr. KENNEDY. What had happened? What did you understand was the explanation for all of this?

Mr. BLUM. It seemed there had been a defalcation. Somebody got away with some of the funds. People had no knowledge of operating a development and it just bogged down.

Senator CURTIS. May I inquire?

Was it your understanding that the funds that somebody got away with were principally from the purchase money on these 1,700 lots that they had sold?

Mr. BLUM. As I understand it, yes.

Senator CURTIS. Do you know whether the land was platted and laid out on the records?

Mr. BLUM. About half of the land was plotted.

Senator CURTIS. But nothing had been done?

Mr. BLUM. No physical work had been done other than——

Senator CURTIS. That is, to identify the lines or lay out the streets or anything?

Mr. BLUM. Nothing.

Senator CURTIS. It was plotted on paper?

Mr. BLUM. Paper roads.

Senator CURTIS. And only about half of it?

Mr. BLUM. About half of it.

Senator CURTIS. And the other half was not?

Mr. BLUM. No.

Mr. KENNEDY. When you went to Florida, did you meet Mr. Benjamin Dranow?

Mr. BLUM. Yes, sir.

Mr. KENNEDY. Who did you understand Dranow was?

Mr. BLUM. He told me he was the man who was able to purchase the stock in this bankrupt company, and we were interested in purchasing it if it was possible.

Mr. KENNEDY. Did you understand he had any further connections with it?

Mr. BLUM. With this development?

Mr. KENNEDY. Yes.

Mr. BLUM. Not that I knew.

Mr. KENNEDY. Was there any discussion at that time, while you were down there, as to obtaining loans or obtaining money from any source?

Mr. BLUM. Well, we were going to obtain funds from a local bank if we could, but the amount required was too large for us.

Mr. KENNEDY. Did Mr. Dranow speak to you about the fact that he could obtain some money for you?

Mr. BLUM. Well, that was the original discussion for the roadwork.

Mr. KENNEDY. Did he make the statement or Mr. Burris?

Mr. BLUM. Mr. Burris did originally.

Mr. KENNEDY. Did Mr. Dranow also tell you that?

Mr. BLUM. Yes, he thought that the funds could be available.

Mr. KENNEDY. From the Teamsters?

Mr. BLUM. From the Teamsters.

Mr. KENNEDY. Was any kind of a commission to be paid in connection with obtaining those funds from the Teamsters?

Mr. BLUM. No, there was no commission. We had set up a price of \$150,000 for the stock when it would be turned over to us, and we would have to pay 100 percent to the creditors of this corporation.

Mr. KENNEDY. This was initially.

Subsequently, did Mr. Burris speak to you again about obtaining some money from the Teamsters Union?

Mr. BLUM. No. We dropped it after that because nobody was able to ascertain which lots were sold and what direction it was and what roads would have to be built.

Mr. KENNEDY. So you dropped the Sun Valley project completely?

Mr. BLUM. Yes, sir.

Mr. KENNEDY. You refused to go into it?

Mr. BLUM. Yes, sir.

Mr. KENNEDY. Did Mr. Burris approach you subsequently in connection with another piece of property and tell you that he thought he could obtain a loan for you?

Mr. BLUM. Well, that was a building up in Buffalo.

Mr. KENNEDY. What was the name of the building?

Mr. BLUM. It was an apartment house.

Mr. KENNEDY. That you owned?

Mr. BLUM. No. We had an option to purchase it.

Mr. KENNEDY. What statement did he make to you at that time?

Mr. BLUM. He thought that I should make an application for it, and maybe the loan would be obtained.

Mr. KENNEDY. To the Teamsters?

Mr. BLUM. I don't know whether it was the Teamsters or pension fund. I don't know what they call it.

Mr. KENNEDY. Did he say there would be any charge if you did obtain a loan?

Mr. BLUM. It wasn't a charge. He said the expenses would run approximately 5 percent. There is an examining committee, legal work, all types of things that have to be done.

Mr. KENNEDY. But did he state to you at that time that you would have to pay approximately 5 percent to obtain the loan?

Mr. BLUM. He said the cost would run roughly 5 percent.

Mr. KENNEDY. Mr. Chairman, I might say that we made an investigation into this matter, and we will have further testimony in connection with approaches made to various people who obtained loans and the payment of 5 percent—5 or 10 percent.

But there is no such payment required by the authorities of the Central States Pension and Welfare Fund.

He stated to you at that time that you would have to pay 5 percent if you obtained the loan; is that correct?

Mr. BLUM. Well, it would be for the expenses, whatever that would incur, legal work and—what do you call it—title policy, and so forth.

The CHAIRMAN. It also included a finder's fee, did it?

Mr. BLUM. Well, it included everything.

The CHAIRMAN. A finder's fee. That is where someone says, "I know where you can get a loan" and if you succeed in getting it, he expects you to pay him a fee for finding the place where you can get the loan; is that correct?

Mr. SCHUMER. I don't think that is correct.

The CHAIRMAN. What is a finder's fee?

Mr. SCHUMER. A finder's fee is an ordinary commission. But 5 percent is a very low charge for the cost on any kind of a mortgage as far as my knowledge is concerned.

The CHAIRMAN. I am not talking about that. I saw something in the notes I had about a finder's fee. Was anything said about the finder's fee?

Mr. BLUM. I think we have the two items mixed, if you please. We were talking about a finder's fee when it came to getting Sun Valley. He was entitled to a finder's fee.

The CHAIRMAN. He was entitled to a finder's fee for finding Sun Valley for you?

Mr. BLUM. For arranging all the work and the things that went into it. We had to arrange for all of that.

The CHAIRMAN. He would get 5 percent for that?

Mr. BLUM. No. The arrangement was, he would get \$50,000 for over a period of 5 years for doing the accounting for the project if we went into it.

The CHAIRMAN. What was the finder's fee?

Mr. KENNEDY. When he spoke to you about obtaining a loan from the pension fund in connection with the property in Buffalo, he told you that there would be a 5-percent fee that would have to be paid; is that correct?

Mr. BLUM. Well, actually, in the conversation, I said, "What would this cost?"

He said, "The expenses all around for everything would run roughly around 5 percent."

Mr. KENNEDY. How much of that 5 percent did he say would go to the fund for appraisal, closing, and so forth?

Mr. BLUM. I really don't remember. It may have been 1 or 2 percent.

Mr. KENNEDY. Who would get the other 3 or 4 percent?

Mr. BLUM. Well, there was legal work—appraisals, title, policy—I don't know, whatever is necessary to make a loan.

Mr. KENNEDY. As to the actual operation of the pension fund, there is nothing—there is no charge made of that kind. That is paid out of the fund itself, so there is no charge of 5 percent. There is not a charge by the Central States Pension and Welfare Fund.

Do you know where that money was actually to go?

Mr. BLUM. We never got to a conclusion on it, so we dropped it.

Mr. KENNEDY. Did he say how the application would be made?

Mr. BLUM. He said a committee would go there, examine the property, get appraisals—and if it stood up all right, I would get the loan. But when we went over the figures as to the interest charges and the amortization, it didn't pay, so we dropped it.

Mr. KENNEDY. That is all.

The CHAIRMAN. Anything further?

Mr. KENNEDY. We have one other matter in connection with this that we can put in this afternoon. It is just an affidavit, Mr. Chairman.

The CHAIRMAN. All right.

Thank you very much. You may stand aside.

Read the affidavit. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CONSTANDY. I do.

TESTIMONY OF JOHN P. CONSTANDY

The CHAIRMAN. State your name and present position of employment with this committee.

Mr. CONSTANDY. My name is John P. Constandy. I am employed as assistant counsel with this committee for the past year and 2 months.

The CHAIRMAN. Have you made some investigation into the subject matter now under inquiry?

Mr. CONSTANDY. I have.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, there is a procedure as far as this affidavit is concerned that I would like to explain.

We expected this gentleman to be a witness. At the last moment he became ill and could not testify. He has cooperated with the committee, so we made arrangements to obtain an affidavit from him. Unfortunately, we could make the arrangements only this morning. He signed the affidavit and it has been notarized in Miami, Fla., and he has given us an exact copy. We discussed it and had an exact copy read over the telephone.

The CHAIRMAN. You have been assured that this affidavit, the original, has actually been attested, and is in existence?

Mr. CONSTANDY. It is presently in the hands of a member of the staff and is en route to Washington, as a matter of fact.

The CHAIRMAN. You may read the affidavit. If, for any reason, we find any inaccuracy or that we are in error about the affidavit having actually been issued, then this testimony will be stricken from the record.

You may proceed.

Mr. CONSTANDY. It reads:

AFFIDAVIT

State of Florida,
County of Dade, ss:

I, Stanton D. Sanson, 1417 North Venetian Way, Miami Beach, Fla., make the following voluntary statement to John Constandy and Walter R. May who have identified themselves to me as assistant counsels of the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field. No threats or promises were made to induce me to make this statement and I realize that it may be used in public hearings before the committee.

I am and have been engaged in the construction and land acquisition business. In relation to this business, I and a group of associates, during the latter part of 1957, made application to the Central States, Southeast, Southwest Areas, Pension Fund for a loan in the amount of \$5 million to finance the construction of an apartment house in the Miami Beach area.

The Committee for the pension fund did not want to grant the loan for \$5 million but wanted me to submit plans for a building half the size and they would consider a loan for \$2½ million.

While in Minneapolis, Minn., on other business, in the summer of 1956, I conferred with Benjamin Dranow, whom I had met through an associate. Dranow told me that if we wanted to put the loan through, we would have to have an understanding with Dranow regarding a commission, or finder's fee.

Dranow said that he thought he should receive a 10 percent commission or finder's fee. At that point I told him to forget about it; that we were not interested at that price. We continued to discuss the matter and finally agreed on a commission or finder's fee of 5 percent if the loan was obtained.

My associates felt that in view of the unfavorable publicity the Teamsters have had, they did not care to obtain the loan. My own position, considering this, was to let the matter go unless the Teamsters decided to grant the loan.

Sometime in the fall of 1958, Dranow visited me in Florida and told me about the Sun Valley situation. He wanted to interest me in purchasing and developing Sun Valley. Dranow said James Hoffa was very anxious to get the thing cleaned up and would do anything within reason that the person who undertook it wanted.

Dranow indicated to me that if we bought Sun Valley, we could depend on very liberal support from the Teamsters. Dranow said they would loan money for the project, including the roads, sewage plant, and houses.

I told him I would make an analysis of the situation.

Around the same time, that is, the fall of 1958, I received a telephone call from Benjamin Dranow who told me he had James Hoffa there with him and that Hoffa wanted to say a few words to me. Mr. Hoffa said he was very anxious to straighten out the Sun Valley situation. He said this is something that is a "must," and asked us to go into it and see how we might straighten it out.

I did make an analysis and gave Dranow the original copy of my projection. A carbon copy has been furnished to the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field and I hereby incorporate and make it a part of this affidavit at this point.

I concluded after making my study that the Sun Valley project was hopeless as a development investment as far as we were concerned. I have heard nothing further from either Mr. Dranow or Mr. Hoffa about the Sun Valley matter.

The application for the loan for the proposed apartment project dragged on for some time and was finally refused by the pension fund.

I have read the foregoing statement of three pages and declare it to be true and correct.

(S) STANTON D. SANSON.
RALPH MILLS, *Witness*.

Signed and sworn to before me this 29th day of June 1959.

THERESA F. LITCHFIELD, *Notary Public*.

Mr. KENNEDY. Could I read excerpts from this?

The CHAIRMAN. Do you identify this as a copy of the projection which you have testified to?

Mr. CONSTANDY. Yes; I do.

The CHAIRMAN. You may make the affidavit exhibit 19, and make the projection exhibit 19A.

(Affidavit referred to was marked "Exhibit No. 19"; projection was marked "Exhibit No. 19-A", for reference and may be found in the files of the select committee.)

Mr. KENNEDY. This projection states:

However, the project shows that it was operated by people who did not understand their business and it has been operated so poorly and with so little regard to the fundamentals of this type of an operation, that it is the writer's considered opinion that there is nothing that could be salvaged.

These lots, at the present time, are not marked, have no means of access whatever, and are almost completely unusable. Anyone going ahead with this proposition would have to assume the moral, if not legal, commitment to the lot holders of providing them with suitable access streets and doing other things in this development which are necessary to make it a successful one. There are approximately 40 miles of access streets required and a minimum quality street—not, in any way, to stand long-term service—would cost, at the very minimum, \$7,500 a mile. For 40 miles of these streets, that would be at least \$300,000 for the streets alone. The contract with the lot holders does not provide for the creation of streets, but I believe that, under Florida law, the developer would be compelled to give the lot holders access to and from the lots and this can only be accomplished by streets. In addition to that, only common decency would require any developer to provide streets for his lot owners. In addition, these lots have never been marked. I do not know whether you realize what I mean by this or not; but, in order to find any piece of unmarked land, it is necessary to send out a team of surveyors who start from the nearest Government marker, which are 5 miles apart, and then, by a process of surveying and mathematics, finally arrive at the exact location of the area which is being surveyed. They then mark the area so that the owner, for all time, will have monuments or stakes erected so that the corners of his property are outlined by such monuments or stakes and he knows where to find the property. This applies to large properties as well as small properties. An absolutely necessary prerequisite, before construction or a home can be built on any lot, is to have the lot marked by four stakes, showing the four corners of the lot. To do this on a mass basis, where the entire area is staked out at one time, would cost approximately \$10 to \$15 a lot, but, for an individual lot owner to come in and try and find his lot and mark it out, would require the sending into the field of a team of surveyors and the very minimum that this would cost would be \$150 a lot and, probably, considerably more. If the entire area that has been sold is to be staked out at this time, it would cost between \$20,000 and \$30,000 to do so. There is a minimum expense to do the absolutely necessary things to make good the moral obligation, if not the legal obligation, to the

lot owners of the very minimum of \$325,000 and this would, undoubtedly, be much higher.

The CHAIRMAN. The committee will stand in recess until 2:30.

(Members of the select committee present at the taking of the recess were Senators McClellan and Curtis.)

(Whereupon, at 12:50 p.m., the select committee recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2:30 p.m., in the Caucus Room of the Senate Office Building, Senator John L. McClellan presiding.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Goldwater.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Bellino.

The CHAIRMAN. Have you been previously sworn?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. All right. Proceed.

TESTIMONY OF CARMINE S. BELLINO—Resumed

Mr. KENNEDY. Mr. Chairman, this afternoon we are going into another project of Mr. Benjamin Dranow. Keeping in mind that the operation that we discussed this morning took place in 1958 and 1959, after our hearings started, here is another business of Mr. Dranow with the Teamsters which took place since our hearings and since we revealed the derogatory information in connection with Benjamin Dranow's operations.

This is in connection with certain jackets, Mr. Chairman, which were purchased by the Teamsters Union for the Teamsters Union members. I would like to call Mr. Bellino to give an explanation as to what companies received the contracts and how the operation was handled.

The CHAIRMAN. You have made an investigation, Mr. Bellino, of the subject matter, have you?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Give a general statement as to what you mean by certain jackets being purchased.

Mr. KENNEDY. Perhaps you could show one of these.

The CHAIRMAN. Do you have an exhibit?

Mr. BELLINO. We have a Teamsters jacket which the Teamsters Locals 299 and 337 decided to give away to their members. We find that there were a total of 26,495 jackets for which the Teamsters have been billed, at a total cost of \$341,841.84.

Mr. KENNEDY. Isn't there evidence that they intended initially to purchase jackets, or indicating they were going to purchase jackets, for every Teamsters member?

Mr. BELLINO. The indication and the statements made to these manufacturers was that there would be 1,600,000 jackets to be manufactured.

Mr. KENNEDY. Which would be at a price of approximately \$16 million.

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. That was up until our investigation began; is that correct?

Mr. BELLINO. That is correct.

Senator GOLDWATER. Would you give that figure again of the number of jackets?

Mr. BELLINO. 26,495.

Senator GOLDWATER. How many members are there of that local 299?

Mr. BELLINO. In local 299, there were some 15,741 purchased, and I believe we show that the per capita tax paid was around 14,000.

Senator GOLDWATER. How many members do they have?

Mr. BELLINO. 14,000 members approximately, based on their per capita tax payments.

Senator GOLDWATER. How many do they have in 337?

Mr. BELLINO. In 337, around 10,000 or 11,000.

Mr. KENNEDY. How many members do they have?

Mr. BELLINO. I have that per capita figure there, I think.

The total per capita payments on January 13, 1958, covering local 299, showed a membership of 12,164. The largest membership in 1958 was for the month of January, paid in February of 1958, and that showed 13,482 members.

In local 337, it showed 10,512 per capita paid in January of 1958.

Mr. KENNEDY. And how many jackets did they purchase out of 299?

Mr. BELLINO. 15,295 that they have been billed for.

Mr. KENNEDY. And how much out of 337?

Mr. BELLINO. 10,055.

Mr. KENNEDY. What was the total cost to the Teamsters Union for the jackets, local 299 and local 337?

Mr. BELLINO. The total from all companies for 299 was \$197,011.25.

The total amount paid or billed by all companies to local 337 was \$129,029.25.

Mr. KENNEDY. Would you show how it was handled?

Mr. BELLINO. Arrangements were first made by the Teamsters, between the Teamsters and Ben Dranow, to manufacture these Teamster jackets at a cost of \$12.75.

Mr. KENNEDY. When was this?

Mr. BELLINO. This would be in the latter part of December of 1957. Dranow got in touch with Svirsky Clothing Co.

Mr. KENNEDY. Of New York?

Mr. BELLINO. Yes, of New York, and Svirsky obtained Grand Sportswear to actually manufacture and put the various items together, to form the jackets.

Dranow also went to Town & Travel, and Town & Travel got a subcontractor, United Sheep Lined, and Town & Travel is in New York, and United Sheep Lined is in Long Branch. They were the subcontractors to Town & Travel.

This company made up the jackets at a labor cost of from \$2.22 to \$2.47. This one was paid \$2.97, from \$2.47 to \$2.97.

Bon Bon Pillows, associates of Town & Travel, when the Teamsters first decided to buy these jackets, they sent a check of \$5,000 to Town & Travel, to Bon Bon Pillow, and Svirsky and United Garment Co. in Minneapolis.

The CHAIRMAN. You mean they sent four of the \$5,000 checks?

Mr. BELLINO. Yes, more or less as deposits.

The CHAIRMAN. They sent each of these companies a deposit of \$5,000?

Mr. BELLINO. That is right.

United Garment also entered into arrangements with Dranow to manufacture some 4,000 jackets. United Garment would not go ahead until they had at least one-third of the price or some \$22,000 in cash.

The CHAIRMAN. Which company was that?

Mr. BELLINO. United Garment in Minneapolis.

Senator GOLDWATER. May I ask you, did Mr. Dranow approach these companies in what we might call a legitimate way, to purchase these, or was there any suggestion that they kick back any?

Mr. BELLINO. There are various suggestions as to commissions, and that is what we are going to go into.

Mr. KENNEDY. The first witnesses that we expected to have, Mr. Chairman, in connection with this were the Svirsksys. They flew down from New York, and their plane got into difficulty. They were up in the air for some 3 or 4 hours, as I understand it, and arrived in a highly nervous state. Their lawyer requested that their appearance be postponed, and in view of the difficulties or trouble that they had had, we did postpone their appearance until tomorrow.

The CHAIRMAN. Was that today? What is there about the weather out there? Was there something wrong with the airplane?

Mr. KENNEDY. They came from New York, or they had some trouble as they were leaving. They got caught in some difficulty.

So if Mr. Bellino could at least testify as to what the records show as to what the Svirsksys received and how much they had to pay to Mr. Benjamin Dranow, it would be of help, so we can get that much information in the record at this time.

The CHAIRMAN. It will be substantiated by other testimony.

Mr. KENNEDY. He will testify just what the records show?

The CHAIRMAN. Give us what the records show.

Let us see if we can make that understandable. You have four or five companies there, haven't you?

Mr. KENNEDY. It went through three companies. Each company manufactured a certain number of jackets, and all of them made their arrangements through Benjamin Dranow with the Teamsters Union.

The CHAIRMAN. Let me get this so I can understand it. I want the name of each company that manufactured some of these jackets, and the number that was manufactured by each company. There are three companies that manufactured the garment.

Mr. BELLINO. The three prime contractors were Svirskey Clothing Co., and they manufactured 15,741 jackets.

The CHAIRMAN. At what price?

Mr. BELLINO. At \$12.75.

The CHAIRMAN. What price did they manufacture them, or did they get out of it? What did the manufacturer actually get?

Mr. BELLINO. They received from the Teamsters, \$12.75.

The CHAIRMAN. And the next one.

Mr. BELLINO. Town & Travel, New York. They manufactured 5,670.

The CHAIRMAN. At what price?

Mr. BELLINO. The price was \$12.75, except that they were following a practice of charging \$13.75, and the Teamsters would deduct the dollar and at the present time the records show that 678 are charged to the Teamsters at \$13.75, and the balance of 4,992 were at \$12.75.

The CHAIRMAN. Now let me see. How many were charged at \$13.75?

Mr. BELLINO. 678 still on their books at \$13.75.

The CHAIRMAN. What is the next one?

Mr. BELLINO. And the third one is United Garment Co., of Minneapolis, who made 1,789, at a price of \$12.75.

The CHAIRMAN. All right, what else?

Mr. BELLINO. The other one, the one that succeeded Svirsky—Svirsky went into liquidation in the middle of 1958—in November of 1958, Union Local Supply succeeded Svirsky, and they continued to use the same subcontractor, Grand Sportswear, and they made a total of 3,295, and their prices varied.

Senator GOLDWATER. Could I ask a question there?

Were the union members billed separately for these, or were they purchased out of the general fund?

Mr. BELLINO. Insofar as we know, they were purchased out of the general fund and paid by the general fund. We haven't heard of anyone paying for those jackets.

Senator GOLDWATER. That is what I wanted to ask. Have you any record to show that the individual Teamster member then purchased the jacket, or were they to be distributed to each member?

Mr. BELLINO. Insofar as we know, they were distributed unless the latest organization is selling to more unions than just 299 and 337. They have various locals throughout the country. They may be selling them direct to the members. That is over and above—no, that is included in the 3,000—

Senator GOLDWATER. How many were actually distributed to members?

Mr. BELLINO. I would say substantially all of them were distributed without any payment.

Senator GOLDWATER. Does your investigation show that these companies operate a union shop?

Mr. BELLINO. Union Local Supply did not have anything to do with the union shop. Town & Travel was a member of a different union, not the union—

Senator GOLDWATER. Were they members of the Garment Workers Union?

Mr. BELLINO. Of the ILGWU; that is right.

Senator GOLDWATER. The particular exhibit that you have has no union label. Did you find union labels in others?

Mr. KENNEDY. We are going to have some testimony in connection with that.

Mr. BELLINO. The manufacturer himself made them up, I believe, he will testify.

Mr. KENNEDY. It is rather complicated.

Senator GOLDWATER. All right.

The CHAIRMAN. There is no union label in this one.

Mr. BELLINO. No, sir.

Mr. KENNEDY. You can say in substance they did not have union labels.

Mr. BELLINO. The more recent ones did not have any union label at all.

Senator GOLDWATER. Would you say in substance, then, that these were made by nonunion labor?

Mr. BELLINO. There would be approximately 8,000 or 9,000 that were made without union labels.

Senator GOLDWATER. Then they were not made in a union shop?

Mr. BELLINO. The prime contractor may not have been a union shop.

Senator GOLDWATER. That was Grand Sportswear?

Mr. BELLINO. No, they were a union shop. The Union Local Supply and Town & Travel.

Senator GOLDWATER. Town & Travel was not a union shop?

Mr. BELLINO. Not a member of this particular union.

Senator GOLDWATER. That wouldn't apply. That would be normal. They wouldn't be members of this union. They would be members of the International Ladies Garment Workers Union.

Mr. BELLINO. Anyone making up that jacket would have to be a member of that union. No Ladies Garment Workers Union could make up that jacket.

Senator GOLDWATER. I am talking about unions, period. Evidently some of these shops were not union shops.

Mr. KENNEDY. Town & Travel is a union shop.

Mr. BELLINO. It is a union shop but it is not a union shop that was authorized to make that type of garment. They make ladies wear.

Mr. KENNEDY. As far as the Svirsky's are concerned, all of this was handled through Benjamin Dranow; is that right, Mr. Bellino?

Mr. BELLINO. That is correct.

Mr. KENNEDY. The ordering of all of these packets, some \$300,000 worth of jackets, was all done through Benjamin Dranow?

Mr. BELLINO. That is correct.

Mr. KENNEDY. And all occurred after we got into the operation of Dranow in 1957?

Mr. BELLINO. That is correct.

Mr. KENNEDY. Do we find in the case of Mr. Svirsky that they paid a commission to Benjamin Dranow in connection with obtaining this business of the Teamster jackets?

Mr. BELLINO. Yes, sir.

Mr. KENNEDY. What do the records show?

Mr. BELLINO. On March 11, they issued a check to Benjamin Dranow for \$2,000, which they called "Commissions."

The CHAIRMAN. When was that?

Mr. BELLINO. March 11, 1958.

Senator GOLDWATER. Which company was that from?

Mr. BELLINO. That is Svirsky. Then on June 5, 1958, they issued a check to Banner Mercantile & Supply Co. for \$1,000, which they called commissions.

Another one the same month, on the 10th, to the same company, for \$2,000 for commissions. On January 6, they issued a check to Banner Mercantile for \$1,000.

Senator GOLDWATER. What year?

Mr. BELLINO. The same year, 1958, which was commissions.

Senator GOLDWATER. \$2,000 to Benjamin Dranow and \$4,000 that went to Banner Mercantile; is that correct?

Mr. BELLINO. They issued a check to Banner Mercantile & Supply. Actually, it was deposited in the account of Banner Mercantile & Supply Co., which is a company which was formed by Simon Cohen and Benjamin Dranow, which Mr. Cohen can explain.

Senator GOLDWATER. But that was a company that was owned, at least in part, by Benjamin Dranow, and at Benjamin Dranow's instructions, this money was deposited in this company as commissions?

Mr. BELLINO. That is correct.

Senator GOLDWATER. For obtaining this business and other business?

Mr. BELLINO. That is correct.

Senator GOLDWATER. So according to what their records show, he received some \$6,000 in commissions?

Mr. BELLINO. That is directly earmarked as commissions. We have other items as we go along to show that there were other moneys paid to Dranow also.

Senator GOLDWATER. But \$6,000 is listed in their books as commissions?

Mr. BELLINO. Yes.

Senator GOLDWATER. What is the Banner Co.?

Mr. BELLINO. Banner Mercantile is a company formed by Simon Cohen and Benjamin Dranow. Simon Cohen will be one of our next witnesses.

Senator GOLDWATER. What did Banner do? What were they organized for?

Mr. BELLINO. As I understand it, they were to sell various types of items to the Teamsters, different insignias and things.

The CHAIRMAN. Do you want anything further at this time?

Mr. KENNEDY. Not at this time.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Simon Cohen.

The CHAIRMAN. Come forward, Mr. Cohen. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

TESTIMONY OF SIMON COHEN, ACCOMPANIED BY COUNSEL, ROBERT REED

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. COHEN. Simon Cohen, born in New York March 10, 1907. 174 Broadway, Orange, N.Y.

The CHAIRMAN. What business are you in, Mr. Cohen?

Mr. COHEN. Manufacturer.

Mr. REED. Senator McClellan, he is a little bit hard of hearing. We would appreciate it if you would speak up a little bit.

The CHAIRMAN. Very well.

Mr. Counsel, identify yourself for the record.

Mr. REED. Robert Reed, New York City.

Mr. KENNEDY. Mr. Cohen, you are president of Town & Travel Casuals, Inc.?

Mr. COHEN. Yes.

Mr. KENNEDY. Where is that located?

Mr. COHEN. 525 Seventh Avenue.

Mr. KENNEDY. And owner of the Bon Bon Pillows?

Mr. COHEN. Correct.

Mr. KENNEDY. What do the Bon Bon Pillows make?

Mr. COHEN. Pillows.

Mr. KENNEDY. What about Town & Travel Casuals?

Mr. COHEN. Sportswear.

Mr. KENNEDY. You have known Mr. Benjamin Dranow for a number of years?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. You did business with him while he was operating the John W. Thomas Department Store in Minneapolis?

Mr. COHEN. I did.

Mr. KENNEDY. Did Dranow approach you about manufacturing some jackets for the Teamsters Union?

Mr. COHEN. He did.

Mr. KENNEDY. When was that, approximately?

Mr. COHEN. The early part of 1958.

Mr. KENNEDY. And what arrangements did he say that he wished to make with you?

Mr. COHEN. He said that he could get us orders for many thousands of jackets, and what price could we get it for, and if it was satisfactory, what rate of commission would I pay.

Mr. KENNEDY. Would you relate it?

Mr. COHEN. I said, "Yes, we can make it," and I agreed to pay 5 percent commission.

Mr. KENNEDY. Five percent commission?

Mr. COHEN. That is right.

Mr. KENNEDY. Was that satisfactory with him?

Mr. COHEN. Yes.

Mr. KENNEDY. How many jackets did he say would be manufactured?

Mr. COHEN. He spoke about many thousands. He didn't pin any exact amount.

Mr. KENNEDY. Did you understand that you were going to manufacture jackets generally for the Teamsters Union?

Mr. COHEN. That is right.

Mr. KENNEDY. Was it your understanding that you would be manufacturing hundreds of thousands of these jackets?

Mr. COHEN. No. Many thousands. He didn't say hundreds of thousands. He just said many thousands.

Mr. KENNEDY. What was your understanding, that there would be 5,000, 10,000, 50,000, 100,000?

Mr. COHEN. He never stipulated the exact amount, but it was my thinking it would be anywhere in the neighborhood of from 5,000 to 25,000.

Mr. KENNEDY. And you were going to pay him a 5-percent commission; is that right?

Mr. COHEN. That is correct.

Mr. KENNEDY. How much was it decided that you would be paid for these jackets?

Mr. COHEN. Well, I told him that we had to get \$13.75 for these jackets. He thought he could get that price. Subsequently he told me he couldn't get any more than \$12.75. I told him in that case we couldn't afford to pay him any commission and he said, "All right."

Mr. KENNEDY. When did all of this occur?

Mr. COHEN. I didn't hear the question.

Mr. KENNEDY. When did all of this occur?

Mr. COHEN. In the early part of 1958.

Mr. KENNEDY. You were to pay him 5 percent of the \$13.75, and then the price went down to \$12.75; is that right?

Mr. COHEN. No. We gave him a quote of \$13.75. It was our understanding we could get \$13.75. But when he informed us we were not going to get \$13.75, we were only going to get \$12.75, and we told him in that case we couldn't afford to pay any commission.

Mr. KENNEDY. Was there some dissatisfaction on the part of the Teamsters Union with the jackets after they were manufactured?

Mr. COHEN. Only a few at the very end.

Mr. KENNEDY. Was that one of the reasons that they wouldn't pay the \$13.75?

Mr. COHEN. No; I don't think so.

Mr. KENNEDY. Didn't you understand from some of your employees that they went down there because there was dissatisfaction with some of the jackets, that the sleeves were too long, the sleeves were too short, some jackets were too big and some were too small?

Mr. COHEN. There seem to be a lot of confusing statements, but the best I know is that when Mr. Dranow informed us that the Teamsters couldn't afford to pay any more than \$12.75, we told him we couldn't make any.

Mr. KENNEDY. Didn't you understand that that arose at a period of time when they were dissatisfied with the jackets that you were manufacturing?

Mr. COHEN. There was only a small amount of dissatisfaction about, regarding the knitting at the end of the sleeve, a very nominal amount.

Mr. KENNEDY. Also, Mr. Cohen, wasn't there dissatisfaction with the sizes that the individuals were receiving, that the sleeves were too short or the jacket was too big?

Mr. COHEN. Sizes was wrong for the simple reason that they weren't giving us proper sizes. They were giving us measurements instead of sizes, and that is where the production department got confused. When we had that cleared away, we had it straightened out.

Mr. KENNEDY. I am not saying who was right, between you and the Teamsters, but that was a problem. You did have to send representatives down to visit with the Teamsters in Detroit in connection with that?

Mr. COHEN. That is right.

Mr. KENNEDY. Didn't they, at that visit, say they would no longer pay the \$13.75?

Mr. COHEN. No, they never discussed the price up there. They only discussed the sizes.

Mr. KENNEDY. Didn't the lady from your office go up there to discuss the price?

Mr. COHEN. No. She went up there to clear up the account.

Mr. KENNEDY. What was the price—

Mr. COHEN. And to straighten up the size situation.

Mr. KENNEDY. When you say to clear up the account, that certainly implies the money you were owed.

Mr. COHEN. They hadn't paid for some time and we wanted to get the accounts paid up.

Mr. KENNEDY. They hadn't paid because they were dissatisfied with the jackets, were they not?

Mr. COHEN. That, again, I don't know. As far as I know, there was only—

Mr. KENNEDY. From your own testimony, she went there for two purposes, to clear up the account and get the sizes straightened out.

Mr. COHEN. That is right.

Mr. KENNEDY. Even so, there was a question, then, with the Teamsters not wanting to pay more than \$12.75, and being dissatisfied with the jackets that you produced.

Mr. COHEN. I wasn't there, but to the best of my knowledge there was no discussion of price up there. It was only a question of straightening out the sizing, and getting the account cleared up. There was no discussion as to price because that was discussed with Mr. Dranow when he informed me that the Teamsters wouldn't pay any more than \$12.75.

Mr. KENNEDY. Did you understand how he was able to make the award of the contract to you?

Mr. COHEN. I have no idea.

Mr. KENNEDY. Who was it in the Teamsters Union that he was taking his instructions from?

Mr. COHEN. I have no idea.

Mr. KENNEDY. Do you know how he was able to get this contract himself?

Mr. COHEN. I do not.

Mr. KENNEDY. You never paid him the commission?

Mr. COHEN. No, sir.

Mr. KENNEDY. Did you have any financial dealings with him yourself during that period of time?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. What were those?

Mr. COHEN. I purchased stock in John W. Thomas in Minneapolis.

Mr. KENNEDY. How much did you pay for that?

Mr. COHEN. The contract price was for \$50,000.

Mr. KENNEDY. That was in November of 1957? November of 1958?

Mr. COHEN. That is right.

Mr. KENNEDY. \$50,000?

Mr. COHEN. That is right.

Mr. KENNEDY. And you sold that stock, I believe, in January of 1959?

Mr. COHEN. That is right.

Mr. KENNEDY. How much did you obtain for it?

Mr. COHEN. \$1.

Mr. KENNEDY. So you purchased it from Benjamin Dranow for \$50,000 in November of 1958 and sold it for \$1 in January of 1959?

Mr. COHEN. No, I think the dates are wrong. I purchased it earlier than 1958.

(The witness conferred with his counsel.)

Mr. REED. I believe they have a copy of the option.

Mr. COHEN. In June the option was granted. In November it was exercised.

The CHAIRMAN. You actually, then, made the purchase in November?

Mr. REED. That is when it was exercised, the option was exercised.

The CHAIRMAN. You had an option from June to November?

Mr. COHEN. It was complete; yes.

The CHAIRMAN. In November you paid the \$50,000?

Mr. COHEN. No, I didn't pay it in November. I had made payments to him previously which were loans. When I found that these loans were not to be repaid I applied these loans against the stock purchase and told him to apply that money so that we could balance out that stock purchase.

The CHAIRMAN. Then during the period of the option, you had been making payments by making loans to him that were not to be repaid; is that correct?

Mr. COHEN. I am sorry; I didn't get the question.

The CHAIRMAN. Well, you had an option that was entered into sometime in June; is that right?

Mr. COHEN. That is correct.

The CHAIRMAN. During that period of time, from June until sometime in November, you made payments on the stock by making loans to him which were not to be repaid; is that correct?

(The witness conferred with his counsel.)

Mr. COHEN. No; that is not correct.

The CHAIRMAN. Well, let's find out. You had an option?

Mr. COHEN. Yes.

The CHAIRMAN. From the day you got the option, what did you do thereafter?

Mr. COHEN. The option made specific payments necessary over a given period of time. During the interim he made loans. When I saw that these loans were not being repaid, I requested that these loans be applied against the purchase price in November.

The CHAIRMAN. In November, what balance did you owe on the purchase price?

Mr. COHEN. He owed me. He got about \$6,000 more than he was supposed to get.

The CHAIRMAN. So actually you were out \$56,000 instead of \$50,000?

Mr. COHEN. That is correct.

The CHAIRMAN. From June to November, a period of 4 months from the time the option had been made, he had gotten out of you some \$56,000?

Mr. COHEN. That is correct, except that some of the loans were made prior to June.

The CHAIRMAN. Some were made prior to that?

Mr. COHEN. That is right.

The CHAIRMAN. How much?

Mr. REED. They have all the checks.

Mr. COHEN. Mr. Kennedy has all the checks and all the records.

The CHAIRMAN. We have those. Anyway, he had gotten in debt to you and you bought the stock?

Mr. COHEN. That is right.

The CHAIRMAN. In November, you closed out. You got the stock and you had overpaid, according to the account, overpaid \$6,000?

Mr. COHEN. That is true.

The CHAIRMAN. And you took the stock at that time, in November. When did you dispose of it?

Mr. COHEN. I haven't got the exact date.

Mr. KENNEDY. January of 195—

Mr. REED. Mr. Kennedy has it.

Mr. KENNEDY. January 29, 1959.

The CHAIRMAN. So you actually had this stock. It was delivered to you in November.

Mr. COHEN. The stock was never delivered to me.

The CHAIRMAN. It was never delivered to you?

Mr. COHEN. No, it was held in escrow by the Teamsters Union as collateral on the mortgage.

The CHAIRMAN. So it never actually came into your possession?

Mr. COHEN. No, sir.

The CHAIRMAN. And you sold your equity in it in January of 1959 for \$1?

Mr. COHEN. That is correct.

The CHAIRMAN. Then you lost \$55,999 in transaction.

Mr. COHEN. That is correct.

The CHAIRMAN. you were losing it pretty fast.

Mr. COHEN. That is right.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Why would you spend \$50,000 in November with Mr. Dranow, and sell it for \$1 in January?

Mr. COHEN. Well, to begin with, I didn't spend it in November. I agreed to go into this deal in the early part of 1958, and I took an option.

Mr. KENNEDY. You didn't exercise option until November 6.

Mr. COHEN. That is right.

Mr. KENNEDY. You weren't indebted to him until November 6.

Mr. COHEN. But he was indebted to me.

Mr. KENNEDY. On November 6 of 1958?

Mr. COHEN. That is correct, and I probably would not have taken up the option if he wouldn't have owed me the money by that time.

Mr. KENNEDY. Then we will go back a little bit.

Why were you loaning him so much money during this period of time?

Mr. COHEN. To begin with, I have known him for about 25-some-odd years, and his family for more than 30 years. I have never known him to not pay his obligations, and at times many years ago when I did make loans to him, he always repaid it in good faith. I did not think that we wouldn't repay this either, and in fact for all I know he might have intended to repay this, too, but when I made many demands on him for this money and he did not make any effort to repay it, and in fact I wasn't able to find him for a good period of

time, I felt the best thing to do was to complete the transaction and get through with it.

Mr. KENNEDY. Did you make any loans prior to the time that you got the contract on the jackets?

Mr. COHEN. I believe that I did.

Mr. KENNEDY. Did you make any loans prior to the time that you first discussed the jacket deal with him?

Mr. COHEN. I believe that I did. The records will indicate it themselves.

Mr. KENNEDY. The first loan appears to be on December 17, 1957, which was at this time.

Mr. COHEN. I made loans to Mr. Dranow up to 20 years ago.

Mr. KENNEDY. Between 20 years ago, and——

Mr. COHEN. And 5 years ago, and 10 years ago.

Mr. KENNEDY. Between 5 years ago and December 17, 1957, had you made any loans? Did you make any loans in 1957 up to December 17?

Mr. COHEN. During the year 1957 I don't think so, but my records will indicate exactly what I gave him.

Mr. KENNEDY. Doesn't the record show this is the first loan for \$3,000?

Mr. COHEN. The first loan at that time.

Mr. KENNEDY. Excuse me.

The CHAIRMAN. Here is a photostatic copy of a check dated December 17, 1957, made to Benjamin Dranow in the amount of \$3,000, apparently signed by Town & Travel Casuals, Inc.

Will you please examine it and state if you recognize this photostatic copy?

(A document was handed to the witness.)

Mr. COHEN. I do.

The CHAIRMAN. It may be made exhibit No. 20.

(Document referred to was marked "Exhibit No. 20" for reference and will be found in the appendix on p. 19130.)

The CHAIRMAN. Is that the first loan that you made to Dranow?

Mr. COHEN. That is right.

The CHAIRMAN. That is the winter of 1957?

Mr. COHEN. That is right.

The CHAIRMAN. Is that first one involved in this transaction of \$56,000?

Mr. COHEN. It had nothing to do with the transaction. At that time I had no intention of buying Thomas Store stock, and I hadn't spoken about it.

The CHAIRMAN. At that time it was not involved and you simply made a loan?

Mr. COHEN. That is correct.

The CHAIRMAN. In the meantime, that was not paid back, however, until after it was finally liquidated by the transfer of the stock transactions?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. About this period of time——

Mr. COHEN. Correction there, Mr. Reed tells me that this check was repaid, and Mr. Dranow gave his own check in repayment of that \$3,000.

Mr. REED. I think there were moneys coming in in repayment of that.

The CHAIRMAN. This one was repaid and it didn't become a part of the stock transaction.

Mr. COHEN. No.

Mr. REED. We turned over to Mr. Bellino those checks which were part of the transaction.

The CHAIRMAN. We have them.

Mr. KENNEDY. Certainly the discussions about the jackets came up about this period of time, did they not?

Mr. COHEN. No; they did not.

Mr. KENNEDY. When did they come up?

Mr. COHEN. Sometime in February or January of 1958.

Mr. KENNEDY. This was December 17, 1957.

Mr. COHEN. Apparently, yes,

Mr. KENNEDY. You had not had any discussions with him about the jackets at that time?

Mr. COHEN. None at all.

Mr. KENNEDY. You loaned him then on December 20, another \$3,500 and on February 27, \$2,500?

Mr. COHEN. The records are there, and whatever the records indicate, that is all correct.

Mr. KENNEDY. What was the reason for loaning him all of this money, some \$56,000, during the latter part of 1957 and all of 1958?

Mr. COHEN. Well, when I decided to go into his option deal on Thomas, I knew that I would owe him \$50,000, and that would have to be paid to him, so I didn't worry about that money, because I knew if I didn't get this money back I could apply it against the purchase price.

Mr. KENNEDY. But a considerable part of this was loaned to him prior to June of 1958.

Mr. COHEN. Prior to when?

Mr. KENNEDY. To June of 1958.

Mr. COHEN. Yes; but I was discussing it, and I was out in the Thomas store sometime the early part of March, and we talked about it.

Mr. KENNEDY. But you didn't exercise your option until November. I don't understand why you, as a businessman, would loan all of this money, some \$56,000, to Mr. Dranow, and would exercise the option in November of 1958 for \$50,000, and then sell it 2 months later for \$1 dollar. It seems there is something peculiar about it. Doesn't it seem peculiar to you?

Mr. COHEN. It is not at all peculiar, because in the years of my being in business for 30 years, I have had occasion to lend many thousands of dollars to business people from time to time, and fortunately most of it has been returned. There has been no problem there whatsoever.

Some people we do business with, they need a little assistance, and we help them, and sometimes they help us.

The CHAIRMAN. Here is the thing about it: By November you are bound to have known that this stock wasn't any good, didn't you?

Mr. COHEN. What is that question?

The CHAIRMAN. By November you knew that that stock you had an option on, wasn't any good, didn't you?

Mr. COHEN. No; I can't say. I am sorry, the stock was good.

The CHAIRMAN. When did you find out it wasn't good?

Mr. COHEN. I said the stock was good, and I didn't say it was no good. It was no good to me but it was a very good purchase at that price. It still is; that is, at \$50,000.

The CHAIRMAN. If it is a good purchase at \$50,000, why did you sell it for \$1.

Mr. COHEN. Because I would have to invest an additional \$1 million in order to keep the store, and I felt that I didn't care to invest an additional \$1 million.

The CHAIRMAN. What did you want to give it away for?

Mr. COHEN. I would have had to put up another \$1 million. In order to keep the stock I would have to put up another \$1 million.

The CHAIRMAN. Was that in your option, and do you have it in the option?

Mr. COHEN. No, but that was a part of the deal.

The CHAIRMAN. You could have kept the stock, couldn't you, after you bought it?

Mr. COHEN. I could have kept the stock without consummating the entire deal, which called for about \$1 million more.

The CHAIRMAN. Let me see a copy of that option.

Mr. REED. Senator, this was in bankruptcy, in an arraignment proceeding in the court.

While you are asking him solely about his part of the purchase, there was money that would have been required to complete a chapter 11 proceeding and there would have been money necessary to refinance the store, which would involve this additional money that he is now speaking of, and I think it is all referred to or a good part of it is referred to in his agreement wherein he sold the stock.

The CHAIRMAN. Did you know that in November when you bought the stock, when you exercised your option?

Mr. COHEN. I did.

The CHAIRMAN. You knew all of that then?

Mr. COHEN. No; at the very outset, I explained to Mr. Kennedy that it was my intention to buy the real estate property, and lease the store to an operating company. When I found out that I couldn't get an operating company who would lease the store and I would have to continue to operate it myself, and not being in the retail business, I felt I would just lose additional money, so I decided to take my first loss and get out.

The CHAIRMAN. Take a loss of \$50,000?

Mr. COHEN. That is correct.

Mr. KENNEDY. Mr. Benjamin Dranow is either the best salesman or you are the most inept businessman. Here is January of 1958, going back to that, on January 8, 1958, there is a check from the Teamsters to Bon Bon Pillow Co., \$5,000 from local 299. That is your company, is it not?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. And the check from the Teamsters Union for \$5,000 to the Bon Bon Pillow Co., and then on the same day, January 8, 1958, a check to Benjamin Dranow for \$3,500, from the Bon Bon Pillow Co.

Mr. COHEN. Yes, sir.

Mr. KENNEDY. What was that?

Mr. COHEN. A loan.

Mr. KENNEDY. Just a loan?

Mr. COHEN. That is right.

Mr. KENNEDY. Now, with the rest of the loans that you made during this period of time, were they made directly to Mr. Benjamin Dranow?

Mr. COHEN. Some to Dranow and some given to Banner Mercantile.

Mr. KENNEDY. And did any of the money go to any third party who in turn gave it to Mr. Benjamin Dranow?

Mr. COHEN. Not that I know of.

Mr. KENNEDY. Did you make any checks out to your son-in-law?

Mr. COHEN. When I wasn't in town, I might have told my son-in-law to give him his check and I reimbursed him.

Mr. KENNEDY. Why did the money go to Banner Mercantile & Supply Co.?

Mr. COHEN. Well, Mr. Dranow thought that if he went into a regular manufacturing business, and purchased various materials, rather than buy things on a commision basis, he would have a better arrangement than he had up to then.

Mr. KENNEDY. How much money did you give to them?

Mr. COHEN. I opened up a company that would do this manufacturing and it would be very profitable.

Mr. KENNEDY. What was that called?

Mr. COHEN. Banner Mercantile.

Mr. KENNEDY. What were they going to manufacture?

Mr. COHEN. Various sundry items.

Mr. KENNEDY. Like what?

Mr. COHEN. Well, he told me they were going to try to manufacture shirts and pants.

Mr. KENNEDY. For whom?

Mr. COHEN. Various items like cuff links and various things that he felt he could sell.

Mr. KENNEDY. For whom were they going to manufacture them?

Mr. COHEN. Who was he going to sell them to, you mean?

Mr. KENNEDY. Yes.

Mr. COHEN. I have a very good idea that he had intentions to sell it to the Teamsters.

Mr. KENNEDY. How much did you invest in that company?

Mr. COHEN. Approximately \$25,000.

The CHAIRMAN. I hand you a check dated May 5, 1950, made to Banner Mercantile & Supply Co.

Mr. COHEN. I can't hear you.

The CHAIRMAN. I have a check made payable to Banner Mercantile & Supply Corp., \$25,000. I am not sure that I can tell by whom it is signed or issued.

Will you examine the check and identify it?

Mr. COHEN. That is my check.

The CHAIRMAN. All right, it may be made exhibit No. 21. (Check referred to was marked "Exhibit No. 21" for reference and will be found in the appendix on p. 19131.)

Mr. KENNEDY. Was that an investment on your part in that company?

Mr. COHEN. That was correct.

Mr. KENNEDY. What was Mr. Benjamin Dranow putting in the company?

Mr. COHEN. He wasn't going to put any money, and he was going to put his son in there to manufacture.

Mr. KENNEDY. There were going to be these cuff links and the shirts with Teamsters local so-an-so on them?

Mr. COHEN. Any item that he felt he could possibly manufacture.

Mr. KENNEDY. Cuff links with the Teamster emblem on them?

Mr. COHEN. I never saw the items.

The CHAIRMAN. You made an investment of \$25,000 without knowing exactly what they were going to do?

Mr. COHEN. Well, he told me what he had in mind to do, and when I found he wasn't filling anything out and was just using the account, I told him the whole thing was over and I closed the whole business and dissolved it and finished it up and told him to charge the whole \$25,000 against his account on the purchase of the stock. I saw no billing going out, but only checks going out.

The CHAIRMAN. So this \$25,000 actually amounts to part of the purchase price of the stock?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. After you made the investment and found he wasn't doing anything—

Mr. COHEN. He might have been doing something but he wasn't billing anything out.

Mr. KENNEDY. Then you applied that to the purchase?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. As you understood it, were there cigarette lighters with Teamster emblems on them?

Mr. COHEN. He mentioned many items, but actually I didn't see any.

Mr. KENNEDY. Ladies bracelets with Teamsters emblems?

Mr. COHEN. I didn't see them.

Mr. KENNEDY. Was that one of the things mentioned?

Mr. COHEN. He mentioned a long series of items. I am sure the items you mentioned are correct.

Mr. KENNEDY. Matching cuff link and tie bar?

Mr. REED. Mr. Kennedy, he already answered that he didn't see any of them and he assumes what you are saying is so.

Mr. KENNEDY. I am asking if these were mentioned.

Mr. COHEN. Maybe not individually, but he said there would be a series of items that he was going to try to manufacture.

Mr. KENNEDY. All right. Did you invest any money other than \$25,000 in this company?

Mr. COHEN. In Banner?

Mr. KENNEDY. Yes.

Mr. COHEN. The records indicate exactly what was invested. You have all the records.

(The witness conferred with his counsel.)

Mr. KENNEDY. Mr. Bellino, how much does it show there was invested?

Mr. BELLINO. Total deposits of around \$38,000.

Mr. COHEN. Whatever the records indicate. They are not all my moneys. Some moneys he deposited on his own. I don't know where they came from.

Mr. KENNEDY. Do you know what he did with the money?

Mr. COHEN. I have no idea, except when the vouchers came back from the bank. There was just a name there. That is all.

Mr. KENNEDY. The money went into this company and then he took it out; is that right?

Mr. COHEN. Apparently he did.

Mr. KENNEDY. Did you ask him what he did with the money?

Mr. COHEN. I have no idea what he did.

Mr. KENNEDY. Did you ever ask him what he did with it?

Mr. COHEN. When I asked him why we weren't billing anything out as originally planned, he said it would take time until he gets it established, may take as much as a year or two. When he told me that, I said, "Well, I want no part of it. I would rather get out of it."

Senator GOLDWATER. Can I get something squared away?

Mr. KENNEDY. Can I get these checks in?

Senator GOLDWATER. Is this amount we are talking about now included in the total of \$56,000 that this gentleman loaned Mr. Dranow?

Mr. BELLINO. \$25,000 is included.

Senator GOLDWATER. That is included. He just mentioned a total of 38 or——

Mr. BELLINO. \$35,163 was the total deposits, between the \$25,000 and \$10,000 with other funds that Dranow put in there.

Senator GOLDWATER. The \$25,000 is part of the \$56,000?

Mr. BELLINO. That is right.

Senator GOLDWATER. And also part of the \$35,000?

Mr. BELLINO. Yes.

The CHAIRMAN. Did you put any money in there besides the \$25,000?

Mr. COHEN. I might have, and, if so, the record would indicate that.

Mr. KENNEDY. How much does it show?

Mr. BELLINO. The records don't show.

Mr. KENNEDY. What do the records show, Mr. Bellino?

Mr. BELLINO. The records show the total deposits were \$51,432.20, of which some \$35,000 came out and went to Dranow.

Mr. KENNEDY. Do the records show how much he invested in the company in total?

Mr. BELLINO. We could identify only \$30,000, \$25,000, and \$5,000.

Mr. COHEN. Whatever the records show.

Mr. BELLINO. Do you know where the \$7,000 came from?

Mr. REED. I beg your pardon?

Mr. BELLINO. The \$7,000?

Mr. COHEN. No. Whatever we gave him our records indicate. Anything else I don't know where it came from.

Mr. KENNEDY. Could we identify these checks, Mr. Chairman? We can put them in in bulk.

The CHAIRMAN. Mr. Bellino, you have before you a number of photostatic copies of checks. What do they represent?

Mr. BELLINO. They are checks which were payable to Ben Dranow.

The CHAIRMAN. From whom?

Mr. BELLINO. From Banner Mercantile & Supply and Town & Travel Casuals, principally, to Ben Dranow.

The CHAIRMAN. They may be made exhibit No. 22 in bulk.

(Checks referred to were marked "exhibit No. 22" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. How many are there. Let the record show how many there are.

Mr. BELLINO. There are 13 or 14.

The CHAIRMAN. Is there anything further?

Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Sol Marks.

The CHAIRMAN. Mr. Marks, come forward, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARKS. I do.

TESTIMONY OF SOL MARKS, ACCOMPANIED BY COUNSEL,
J. M. SCHIFFER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MARKS. Sol Marks, 300 Central Park West; manufacturing jobber.

The CHAIRMAN. Thank you. You have counsel present.

Mr. Counsel, identify yourself for the record.

Mr. SCHIFFER. J. M. Schiffer, 32 Broadway, New York.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Marks, what is your business?

Mr. MARKS. Manufacturer and jobbers of emblems and novelties.

Mr. KENNEDY. Were you approached in 1958 in connection with making some emblems for the teamsters?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. By whom were you approached?

Mr. MARKS. By Svirsky.

Mr. KENNEDY. What did he want you to do?

Mr. MARKS. To make a sample of an emblem suitable for a jacket.

Mr. KENNEDY. A sample of an emblem?

Mr. MARKS. Of an emblem.

Mr. KENNEDY. What was to be on the emblem?

Mr. MARKS. The Teamster emblem proper.

Mr. KENNEDY. Is the emblem that you finally manufactured, the one that we have on the jacket? Is that the emblem?

Mr. MARKS. It could be.

The CHAIRMAN. Would you recognize it with a little closer inspection, possibly?

Mr. MARKS. Well, a few people made the emblem, Senator.

The CHAIRMAN. I beg your pardon?

Mr. MARKS. A few people made the emblem.

The CHAIRMAN. You didn't design the emblem?

Mr. MARKS. No. We had a drawing.

The CHAIRMAN. You had a drawing of it and you simply manufactured the emblem to go on the jacket; is that correct?

Mr. MARKS. That is right.

Mr. KENNEDY. Who made the emblem?

Mr. MARKS. Who made the emblem?

Mr. KENNEDY. Yes.

Mr. MARKS. The actual manufacturer of the emblem?

Mr. KENNEDY. Yes.

Mr. MARKS. Hartmann Manufacturing Co.

Mr. KENNEDY. Where are they located?

Mr. MARKS. Garfield, N.J.

Mr. KENNEDY. Anybody else?

Mr. MARKS. I don't think so.

Mr. KENNEDY. You made the emblems, then, for the jackets?

Mr. MARKS. That is right, sir.

Mr. KENNEDY. How many emblems did you make?

Mr. MARKS. I would say, roughly, about 12,000.

Mr. KENNEDY. How much were you paid for them?

Mr. MARKS. The price varied. Between 30 and 50 cents—varying prices.

Mr. KENNEDY. Is that how much you charged?

Mr. MARKS. That is right.

Mr. KENNEDY. Weren't they all the same, the emblems?

Mr. MARKS. I think they were 50 cents, the actual price.

Mr. KENNEDY. How much did they actually cost you to make?

Mr. MARKS. There, again, is a variance of price based on the quantities made. Smaller ones cost more, bigger quantities cost less.

Mr. KENNEDY. How much did these emblems cost?

Mr. MARKS. 22 to 25 cents apiece.

Mr. KENNEDY. And you sold them for approximately 50 cents?

Mr. MARKS. 50 cents; yes, sir.

Mr. KENNEDY. Subsequently, did you get together with Mr. Seymour Svirsky and form your own company?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. What was the purpose of that?

The name of the company was Union Local Supply Co.?

Mr. MARKS. That is right, sir.

Mr. KENNEDY. What was the purpose of that?

Mr. MARKS. Svirsky had gone out of business.

Mr. KENNEDY. They had gotten into financial difficulties, had they?

Mr. MARKS. Yes, sir. And we felt it would be a good spot for us to stay in business—making jackets, emblems, et cetera.

Mr. KENNEDY. So you formed your own company?

Mr. MARKS. That is right, sir.

Mr. KENNEDY. Was anybody else in it besides you and Seymour Svirsky?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. Who else?

Mr. MARKS. Larry Goldstein.

Mr. KENNEDY. How much money did you invest in this company?

Mr. MARKS. Actually, nothing. As we purchased the merchandise, we paid our bills and it became the investment. But there was no investment.

Mr. KENNEDY. What was this company going to do—just manufacture jackets?

Mr. MARKS. Manufacture jacket.

Mr. KENNEDY. Did you have a conversation about how many jackets you were to make?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you talk to Dranow?

Mr. MARKS. Several times.

Mr. KENNEDY. Did you understand how many jackets were to be involved?

Mr. MARKS. Did I understand?

Mr. KENNEDY. Yes.

Mr. MARKS. Not from conversation.

Mr. KENNEDY. How many jackets did you understand were going to be ordered?

Mr. MARKS. I had no understanding from anybody. I thought everybody could use a jacket.

Mr. KENNEDY. Everybody in the Teamsters Union?

Mr. MARKS. I think so.

Mr. KENNEDY. Did you understand that they might purchase that many jackets?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you have any conversations along those lines from Mr. Dranow?

Mr. MARKS. Never, sir.

Mr. KENNEDY. Did any of you invest any money in the company?

Mr. MARKS. Subsequently, now. We are at a loss now in the company because some moneys are due us.

Mr. KENNEDY. Initially did you invest any money in the company?

Mr. MARKS. Just the paying of the bills, which were paid immediately.

Mr. KENNEDY. Did anybody receive any money out of the company?

Mr. MARKS. Out of the company?

Mr. KENNEDY. Yes. Did you receive salaries?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you hire anyone to do the selling for you?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. Whom did you hire?

Mr. MARKS. Nat Gordon?

Mr. KENNEDY. Nat Gordon?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. How did you happen to hire Nat Gordon?

Mr. MARKS. He approached us.

Mr. KENNEDY. He was hired as a salesman?

Mr. MARKS. That is right, sir.

Mr. KENNEDY. How much did you pay him?

Mr. MARKS. \$200 a week.

Mr. KENNEDY. What had been his experience prior to that time?

Mr. MARKS. He told me he was familiar with union people and that he sold industrials and that he could sell merchandise for us.

Mr. KENNEDY. Whom had he worked for prior to that time?

Mr. MARKS. Who he worked for?

Mr. KENNEDY. Yes.

Mr. MARKS. I don't know who he worked for, but I know he had some experience in the liquor business with unions.

Mr. KENNEDY. What were his references?

Mr. MARKS. I didn't check them.

Mr. KENNEDY. You didn't check that?

Mr. MARKS. No, sir.

Mr. KENNEDY. Do you know of any job he had prior to the time he came to work for you?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you know he had appeared here as a witness?

Mr. MARKS. No, sir.

Mr. KENNEDY. That he was an important witness in our Teamsters case?

Mr. MARKS. No, sir.

Mr. KENNEDY. That he was a good friend of Johnny Dioguardi?

Mr. MARKS. I have no idea.

Mr. SCHIFFER. Once again, Mr. Chairman, your chief counsel insists upon putting into the record something he personally knows to be an untruth. This happened 2 years ago and he is doing it again today.

The CHAIRMAN. Just a minute.

If you want to remain here now as counsel for your client, you show proper respect.

Mr. SCHIFFER. Mr. Chairman, I just want to register that objection.

The CHAIRMAN. You can register your objections without that kind of language.

Mr. KENNEDY. I might say Mr. Nat Gordon is going to be a witness and he can clear the record if what I say is incorrect, Mr. Chairman.

Mr. SCHIFFER. Mr. Chairman, we insist procedurally we have a right to correct the record at the time the chief counsel deliberately misrepresents a fact, and we so take advantage of that right, very respectfully, Mr. Chairman.

The CHAIRMAN. You will keep it respectful, I will assure you of that. Make no mistake of it. What is the point at issue?

Mr. KENNEDY. The point, Mr. Chairman, is that Mr. Nat Gordon was one of those involved in the paper local case.

Did you know that?

Mr. MARKS. Not the slightest idea.

Mr. KENNEDY. That he was an associate of Mr. Johnny Dioguardi's. Did you know that?

Mr. MARKS. No, sir.

Mr. KENNEDY. And that he appeared here as a witness before this committee?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you know he was a brother of Abe Gordon?

Mr. MARKS. Subsequently I found that out.

Mr. KENNEDY. You did not know at the time?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you know Mr. Abe Gordon was an officer of Local 805 of the Teamsters?

Mr. MARKS. Not at the time.

Mr. KENNEDY. Did you learn that subsequently?

Mr. MARKS. No, sir.

Mr. KENNEDY. Nobody ever told you that he was a witness down here?

Mr. MARKS. No, sir.

Mr. KENNEDY. What did you know about Mr. Nat Gordon's background?

Mr. MARKS. Not a thing.

Mr. KENNEDY. Do you know anything about Mr. Abe Gordon, his brother?

Mr. MARKS. No, sir.

Mr. KENNEDY. I don't understand that. Somebody just comes off the street. The company is not doing very well; nobody is getting a salary. They haven't any background or experience, and you hire them as \$200-a-week salesmen.

Mr. MARKS. That is right.

Mr. KENNEDY. Who did he say he knew?

Mr. MARKS. He said he had contacts in the unions and could sell.

Mr. KENNEDY. Who were his contacts?

Mr. MARKS. I don't know.

Mr. KENNEDY. You just don't put somebody on at \$200 a week.

Mr. MARKS. We didn't keep him on. We let him go.

Mr. KENNEDY. Anybody could have walked into your company and gotten paid \$200 a week?

Mr. MARKS. That is right.

Mr. KENNEDY. Anybody?

Mr. MARKS. If I felt I wanted to put him on, because I felt he could produce, sure I would.

Mr. KENNEDY. You didn't know anything about his background. Had he produced anything in this field before?

Mr. MARKS. I haven't the slightest idea. In fact, he didn't produce anything for me. That is why we terminated the agreement.

Mr. KENNEDY. The only thing you knew about him was that he had been in the liquor business?

Mr. MARKS. That is right.

Mr. KENNEDY. When he said that he was experienced with unions, with whom did he say he was experienced?

Mr. MARKS. I have no recollection of names, but he had friends and knew people that he could sell.

Mr. KENNEDY. Did he tell you about his relationship with Johnny Dioguardi?

Mr. MARKS. No, sir.

Mr. KENNEDY. He did not. He didn't mention his name at all to you?

Mr. MARKS. I don't even know the name, friend.

Mr. KENNEDY. How many jackets did this company ultimately make?

Mr. MARKS. Well, we had—I wouldn't know. I know we had one pretty good order. The rest were small, insignificant orders.

Mr. KENNEDY. From what local?

Mr. MARKS. From 299, we had 1,000 men's and 1,000 ladies' jackets.

Mr. KENNEDY. Some 2,000 jackets?

Mr. MARKS. That is right, sir.

Mr. KENNEDY. Would you identify this invoice.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy on an invoice dated January 2, 1959, made out to Truck Drivers Local Union 299. It appears to be in the amount of \$27,500. Would you examine that invoice and state if you recognize it?

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. MARKS. That is ours.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. Had you made 2,000 jackets for local 299?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. Who was making the jackets for you?

Mr. MARKS. Grand Sportswear.

Mr. KENNEDY. Anybody else making the jackets for you?

Mr. MARKS. For us? No, sir.

The CHAIRMAN. That invoice may be made exhibit No. 23.

(Invoice referred to was marked "Exhibit No. 23" for reference and will be found in the appendix on p. 19132.)

Mr. KENNEDY. Who made the arrangements for you to get that contract from local 299, for these 2,000?

Mr. MARKS. Who made the arrangements?

Mr. KENNEDY. Yes, sir.

Mr. MARKS. We had sent out a flyer and subsequently we got small orders, and Chuck O'Brien, of 299—

Mr. KENNEDY. He is an official of local 299?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. Did he get in touch with you?

Mr. MARKS. I think he is an official over there.

Yes, sir.

Mr. KENNEDY. What conversation did you have with him?

Mr. MARKS. That he wanted the jackets and we made them. The first time we made one prior to that and then we made this 1,000 of each.

Mr. KENNEDY. Was it explained to you that if you put Nat Gordon on the payroll that you would receive some contracts for thousands of these jackets?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you ever discuss with anybody the fact that you would be making jackets for several hundreds of thousands of teamsters?

Mr. MARKS. No, sir.

Mr. KENNEDY. Did you ever indicate or signify to anybody that you were going to obtain the contract for hundreds of thousands of these?

Mr. MARKS. Never, sir.

The CHAIRMAN. When was Nat Gordon employed? About what time?

Mr. SCHIFFER. The books will indicate that. We have the books here.

The CHAIRMAN. About what time did you employ him? Do you remember?

Mr. MARKS. I wouldn't remember. It was a month or 6 weeks, the entire employment period.

The CHAIRMAN. Last year sometime?

Mr. MARKS. No; this year.

The CHAIRMAN. This year?

Mr. MARKS. This year; yes.

The CHAIRMAN. Did you know him before you employed him?

Mr. MARKS. Never met him.

The CHAIRMAN. Had never met him?

Mr. MARKS. Never met him.

The CHAIRMAN. Did he bring any references to you?

Mr. MARKS. No, sir.

The CHAIRMAN. You asked for none?

Mr. MARKS. That is right, sir.

The CHAIRMAN. He just told you he had connections with the union?

Mr. MARKS. Contacts and connections that he would call upon.

The CHAIRMAN. Contacts or connections. Which do you want to call it?

Mr. MARKS. I wouldn't know what word to use except that he knew people, I suppose.

The CHAIRMAN. I didn't think it made any difference as far as the import or the meaning. But he just out of a clear sky walked in to see you and told you he had connections with the union?

Mr. MARKS. No; in discussion he asked what we had and we showed him.

The CHAIRMAN. Had you ever seen him before?

Mr. MARKS. Never before that.

The CHAIRMAN. He was a total stranger to you?

Mr. MARKS. That is right.

The CHAIRMAN. Before you got through with the conversation you had hired him, had you?

Mr. MARKS. I don't know if we did it immediately. It may have been a day or two or a week later, but we hired him.

The CHAIRMAN. During that time, if you did delay it a day or two or a week later, during that time you made no check on him at all?

Mr. MARKS. No, sir.

The CHAIRMAN. You sought no references?

Mr. MARKS. No, sir.

The CHAIRMAN. Proceed.

Senator GOLDWATER. Do you have any other salesmen?

Mr. MARKS. No, sir.

Mr. KENNEDY. Had you—

Mr. MARKS. May I clear something else? I had tried to sell this merchandise and I was getting nowheres, and this was a good way for me to get a salesman to make calls. Subsequently, after 4 or 5 weeks, nothing happened and we just walked away from the whole thing.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Had you sent 2,000 jackets to the Teamsters at the time you sent them this invoice?

Mr. MARKS. Had we sent them?

Mr. KENNEDY. Yes.

Mr. MARKS. Not at the time of the invoice. We were supposed to give an invoice at which time they would give us a check against it for the manufacture of the jackets. In other words, a deposit.

Mr. KENNEDY. So you actually didn't send them?

Mr. MARKS. No. We subsequently billed as we sent them out.

Mr. KENNEDY. Did you make jackets for anyone else besides 299?

Mr. MARKS. Yes, a few unions.

Mr. KENNEDY. What unions?

Mr. MARKS. Well, you have the records there. I wouldn't remember.

Mr. KENNEDY. What do they show?

Mr. BELLINO. Various locals. No. 107.

Mr. KENNEDY. You made 150 for No. 107?

Mr. MARKS. That is right.

Mr. KENNEDY. And you got paid \$12.75?

Mr. MARKS. \$12.75.

Mr. KENNEDY. What conversations did you have with Mr. Berger in connection with making these jackets?

Mr. MARKS. Who?

Mr. KENNEDY. Mr. Nat Berger.

Mr. MARKS. Nat Berger? I don't know a Nat Berger.

Mr. KENNEDY. Sol Leibowitz—do you remember him?

Mr. MARKS. I don't remember.

Mr. KENNEDY. Didn't you go to Mr. Nat Berger and Mr. Leibowitz, about making some of these jackets for \$9.75, or \$9.50, and there were going to be several hundreds of thousands of them? That is this year.

Mr. MARKS. What is the name of the firm? I went around shopping, trying to get the jackets made cheaper; sure I did.

Mr. KENNEDY. Did you tell anybody there would be hundreds of thousands of these jackets?

Mr. MARKS. I said there would be quantities if we could get them, that we had to solicit the business.

Mr. KENNEDY. Did you tell them you had made the arrangements that there was going to be a jacket for every Teamster Union member?

Mr. MARKS. No, sir; never.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you. You may stand aside. Call the next witness.

Mr. KENNEDY. Mr. Nat Gordon.

The CHAIRMAN. Mr. Gordon, come forward, please.

Mr. KENNEDY. Do you want to stand by, Mr. Marks?

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GORDON. I do.

TESTIMONY OF NAT GORDON, ACCOMPANIED BY COUNSEL, J. M. SCHIFFER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GORDON. Nathan Gordon, 276 East 15th Street, Far Rockaway, N.Y.

The CHAIRMAN. Do you have any business or occupation, Mr. Gordon?

Mr. GORDON. Senator, I respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Let the record show the same counsel appears for this witness as for the previous witness.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Gordon, you were a witness here before this committee in 1957, were you not?

Mr. GORDON. I respectfully decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. At that time you were identified as being a part of the so-called paper locals that were set up by Mr. Johnny Dioguardi and Tony Ducks Corallo to gain control of the Teamsters in the New York area for Mr. Hoffa; isn't that correct?

Mr. GORDON. I respectfully decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you obtained your position of some prominence through the fact that your brother, Mr. Abe Gordon, operates Local 805 of the Teamsters?

Mr. GORDON. I respectfully decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. And Mr. Abe Gordon is one of Mr. Hoffa's closest associates in New York City; isn't that correct?

Mr. GORDON. I respectfully decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that that is the reason you were able to get this job and go on the payroll for \$200 a week, because of your contacts?

Mr. GORDON. I respectfully decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that one of these companies, Union Local Sales, is now owned by you?

Mr. GORDON. I respectfully decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. Is that the one making some of these jackets? That is Union Local Supply.

Mr. KENNEDY. There are two companies. Maybe you could straighten it out, Mr. Marks. Doesn't Mr. Gordon now have one of these companies, Union Local Supply or Union Local Sales?

Mr. MARKS. Union Local Sales.

Mr. KENNEDY. You turned the company over to him?

Mr. MARKS. That is right.

Mr. KENNEDY. What did they do, Union Local Sales?

Mr. MARKS. They wanted to do the same thing Union Local Supply was doing.

Mr. KENNEDY. Making the jackets?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. Is that one of the folders?

Mr. MARKS. Yes, sir.

The CHAIRMAN. This may be made exhibit 24.

(Document referred to was marked "Exhibit No. 24" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. One moment, Mr. Marks.

This company was to make the jackets, as well as certain other kinds of cigarette lighters and cuff links and such things, all with the Teamster emblem on them.

Mr. MARKS. Not only Teamsters, but industrial and other union locals.

Mr. KENNEDY. Why did you turn the company over to Mr. Gordon?

Mr. MARKS. There was nothing there; it wasn't making anything.

Mr. KENNEDY. Could you tell us why he turned the company over to you?

Mr. GORDON. Mr. Kennedy, I refuse to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, as we pointed out on page 4135 in part 11 of the hearings before the committee, prior to Mr. Gordon's getting in the paper local case and becoming an officer of local 651, his occupation was with the Gordon Liquor Store.

The CHAIRMAN. Is that this Gordon you are talking about?

Mr. KENNEDY. That is right. That is local 651, which was completely a paper local. It had no membership.

His 1953 occupation was with the Gordon Liquor Store, and his 1954 occupation or only source of known income was with the Gordon Liquor Store, and in 1955, the same, and in 1956 the same.

In 1955, he was listed as secretary-treasurer of local 651 of the International Brotherhood of Teamsters, which had no membership.

Could you tell us how that came about? I think we asked you before.

As I said, the major power behind Mr. Nat Gordon is his brother, Abe Gordon, who I expect will be a witness tomorrow.

The CHAIRMAN. Do you wish to make any correction of the statement by counsel?

Mr. GORDON. Senator, I respectfully decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right, stand aside. Call the next witness.

Do you need Mr. Marks any further?

Mr. KENNEDY. Mr. Marks, was there any discussion about the labels inside the jackets?

Mr. MARKS. Frankly, I don't remember if there was.

Mr. KENNEDY. You don't remember whether there was. Did you ever try to get union labels?

Mr. MARKS. No.

Mr. KENNEDY. You never did?

Mr. MARKS. I was told that we couldn't get it, and it made no difference to me whether we did or not.

Mr. KENNEDY. Did you mention the fact you were friendly with Abe Gordon, or Abe Gordon might be able to get the labels?

Mr. MARKS. Never.

Mr. KENNEDY. Abe Gordon's name never came up?

Mr. MARKS. No, sir.

Mr. KENNEDY. You never even knew Nat Gordon's brother's name was Abe?

Mr. MARKS. Not prior.

Mr. KENNEDY. At the time he was working with you, did you know it then?

Mr. MARKS. Yes, sir.

Mr. KENNEDY. Did you say Abe Gordon could get the labels for you?

Mr. MARKS. Never, sir.

Mr. KENNEDY. You never told that to anyone; is that right?

Mr. MARKS. No, sir.

Mr. KENNEDY. All right.

Mr. Phillip Pitell.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PITELL. I do.

TESTIMONY OF PHILLIP PITELL

Mr. KENNEDY. This is the last witness, Mr. Chairman.

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. PITELL. Phillip Pitell, 536 Garfield Street, Linden, N.J. President and treasurer and secretary of Grand Sportswear.

The CHAIRMAN. You are president of Grand Sportswear?

Mr. PITELL. Yes, sir.

The CHAIRMAN. Is that a manufacturing company or a mercantile company?

Mr. PITELL. We are contractors.

The CHAIRMAN. You contract for what; to sell or to manufacture?

Mr. PITELL. Men's outer wear.

The CHAIRMAN. Do you make it or do you just sell it?

Mr. PITELL. We make it.

The CHAIRMAN. You make them?

Mr. PITELL. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Pitell, how long have you been in that work, in that line?

Mr. PITELL. Six years.

(At this point Senator Goldwater withdrew from the hearing room and Senator Ervin returned.)

Mr. KENNEDY. Grand Sportswear Co. was temporarily out of work in September of 1957; is that right?

Mr. PITELL. Yes, sir.

Mr. KENNEDY. And then did you receive notification from the union representative that the Svirsky Clothing Co. on Fifth Avenue, New York City, was going to have some work available?

Mr. PITELL. I was called into the Svirsky Co. at 8 o'clock the following morning.

Mr. KENNEDY. Did you go in and see Svirsky?

Mr. PITELL. That is right.

Mr. KENNEDY. Would you tell us what happened then?

Mr. PITELL. When I got there in the morning, they showed me a coat that they wanted made up, and they wanted to know if I was capable of making it. So I said I am equipped to make that kind of a jacket because it has a combination of wool and leather. My plant was equipped 100 percent to make leather, and so I could make the wool and the leather.

So while we were over there they cut up one coat and they asked me if I would be good enough to make it and bring it back the same day, because they wanted to bring it up to Detroit.

So I told them that I would.

The CHAIRMAN. You mean they cut out the material?

Mr. PITELL. That is right.

The CHAIRMAN. You took it to your plant and made it into a jacket?

Mr. PITELL. Yes, sir.

So I did it and I brought it back, and that is how we got the first sample made.

Mr. KENNEDY. Who was at this meeting—Mr. Seymour Svirsky?

Mr. PITELL. Yes, sir.

Mr. KENNEDY. Was anybody else from the company there?

Mr. PITELL. Well, he ran the show.

Mr. KENNEDY. Did he indicate to you at that time how many jackets would be made?

Mr. PITELL. Well, he said the figures would be terrific, and we would have work for years.

Mr. KENNEDY. How many were indicated to you?

Mr. PITELL. When we first got together, he quoted about 80,000.

Mr. KENNEDY. 80,000?

Mr. PITELL. Yes, sir.

Mr. KENNEDY. And, subsequently, did he indicate to you that there would be even more jackets?

Mr. PITELL. He said there is no limit to how far we could go.

Mr. KENNEDY. What did you understand by that? Did they indicate there was going to be a jacket for every Teamster Union member?

Mr. PITELL. I was glad to believe that.

Mr. KENNEDY. Did they indicate it to you? I am sure you were glad to believe it, but did they indicate it to you?

Mr. PITELL. Not exactly indicate, but they came in a roundabout way to make me understand that there was supposed to be one jacket for every member of the Teamsters Union.

Mr. KENNEDY. This was going to be a very profitable operation and keep you very busy for a long period of time.

Mr. PITELL. It was supposed to be.

Mr. KENNEDY. So you made up the jacket, and they said it would have to be taken out to Detroit for approval and brought back. Did they get in touch with you after that?

Mr. PITELL. Well, then, I was going to go away for a vacation.

Mr. KENNEDY. Did you start making up the jackets?

Mr. PITELL. After hanging around Svirsky's place for about 3 weeks, they finally made the connections or got the wool and we started cutting. We were put into production.

Mr. KENNEDY. How many jackets did you make up? From February 13, 1958, through August 15, 1958, you made a total of 15,824 jackets?

Mr. PITELL. The exact figure I wouldn't know, but it is around that.

Mr. KENNEDY. Is that what the record shows?

Mr. BELLINO. 15,824 jackets, which were sold or charged to the Teamsters, made up by this witness. He made up a little more than that, but that is all that Svirsky charged the Teamsters.

Mr. KENNEDY. What was the labor cost on each one of them?

Mr. PITELL. At the beginning it was \$2.22 per coat. And after we were making them a while, I saw that it was impossible to continue so I asked for another quarter. After due fighting, and what I mean is arguing back and forth, I got it.

Mr. KENNEDY. Now, then, Svirsky went into bankruptcy; is that right?

Mr. PITELL. That is right.

Mr. KENNEDY. Did you continue to make Teamsters jackets then?

Mr. PITELL. Well, then I was approached by the Union Local Supply.

Mr. KENNEDY. They asked you to make up some jackets?

Mr. PITELL. That is right.

Mr. KENNEDY. Now, Seymour Svirsky was in that company; is that right?

Mr. PITELL. All indications pointed to it, but I couldn't swear.

Mr. KENNEDY. Who do you think ran that company?

Mr. PITELL. The way they operated, I even thought it was Mr. Marks, and he told me, "Seymour Svirsky has to be in on this," and he sure must have been, because he gave me the material with a medicine dropper.

Mr. KENNEDY. How many jackets did you make up for that company? Was it over 3,000 jackets?

Mr. PITELL. Approximately 2,000 men and 1,000 ladies.

Mr. KENNEDY. You made up Teamster jackets for the women Teamster members; is that right?

Mr. PITELL. That is right.

Mr. KENNEDY. And at the time the labor cost was from \$3.10 to \$3.25 a garment?

Mr. PITELL. Yes, and I was to supply some sort of material in there.

Mr. KENNEDY. Now, having performed the work yourself of making these jackets, how much would you have charged if you received a contract directly from the Teamsters Union to make up the jacket? How much would you have made the jackets for?

Mr. PITELL. Well, now, at which prices—the prices in 1958 or prevailing prices as of now?

Mr. KENNEDY. In 1958, when the contract was first awarded.

Mr. PITELL. I could have made those jackets for \$10.50.

Mr. KENNEDY. That would have included a profit?

Mr. PITELL. I hope so.

Mr. KENNEDY. Now, the Teamsters were actually charged, Mr. Bellino, how much?

Mr. BELLINO. From \$12.75 to \$13.75.

Mr. KENNEDY. You would be glad to make up the jackets for \$10.50?

Mr. PITELL. I could make it cheaper than anybody because I wouldn't have the overhead that a larger man has, and I could work on a smaller margin of profit.

Mr. KENNEDY. Were you ever contacted to place a bid other than the contract through these people?

Mr. PITELL. No, sir.

Mr. KENNEDY. But if you had been contacted to place a bid, you would have been able to make them for \$10.50?

Mr. PITELL. Yes, sir.

Mr. KENNEDY. Now, Mr. Bellino, if the Teamsters had obtained the jackets directly from Mr. Pitell, instead of through Benjamin Dranow, how much would that have saved the Teamsters?

Mr. BELLINO. They could have saved approximately \$52,000.

Mr. KENNEDY. So \$52,000 of Teamsters Union funds were used needlessly in this case. There is no information, is there, that bids went out generally to companies to find out how much they would make these jackets for?

Mr. BELLINO. No.

Mr. KENNEDY. It just went through Benjamin Dranow, and he, in turn, awarded the contract?

Mr. BELLINO. That is correct.

Mr. KENNEDY. If it hadn't been handled in that way, the saving could have been at least \$50,000?

Mr. BELLINO. That is correct.

Mr. KENNEDY. Was there any discussion about placing the union label on these jackets?

Mr. PITELL. When I first started in the early part of 1958, we were putting in the union label.

Mr. KENNEDY. You were?

Mr. PITELL. We were.

Mr. KENNEDY. That was for Mr. Svirsky?

Mr. PITELL. That is right, and he was supplying it. Then we ran out of the labels, and I didn't put any more in.

Mr. KENNEDY. So then what happened?

Mr. PITELL. Well, I was told to go over——

Mr. KENNEDY. Did you raise a question about putting in a union label?

Mr. PITELL. To be frank with you, as long as they didn't want it in there, I could save money on it.

Mr. KENNEDY. I understand you could save money by not sewing it in.

Mr. PITELL. That is right.

Mr. KENNEDY. But did a question come up about the union label?

Mr. PITELL. Yes. I was asked to go over to the union office and purchase the union labels.

Mr. KENNEDY. Who asked you to do that?

Mr. PITELL. Sol Marks.

Mr. KENNEDY. He asked you to purchase the label?

Mr. PITELL. Yes. When I went over there, I was told I could not purchase them, the jobber would have to purchase the union labels and give them to me. In other words, no contractor can buy a union label. It is supposed to be supplied by the jobber.

Mr. KENNEDY. So what happened then?

Mr. PITELL. I was told that I couldn't get them.

Mr. KENNEDY. So did you go back and tell Sol Marks.

Mr. PITELL. I went back and told Sol Marks.

Mr. KENNEDY. What did he say?

Mr. PITELL. He said, "You go back there again and tell them to see Abe Gordon."

Mr. KENNEDY. He told you to go back and see the union and tell them to see Abe Gordon?

Mr. PITELL. To see Abe Gordon. So when I went back there, I was talking to the manager of local 575, that is in our union——

Mr. KENNEDY. The ILGWU?

Mr. PITELL. It is not the international.

Mr. KENNEDY. Amalgamated?

Mr. PITELL. Yes, amalgamated. He told me, he said, "Phil, I don't want to have nothing to do with this." He said, "I don't want to have no trouble with no Abe Gordon or anybody." He said, "If you want the union label in there you got to get it through your jobber." And that is how it remained.

Mr. KENNEDY. Did you put the label in?

Mr. PITELL. No.

Mr. KENNEDY. Did you think it was surprising, when making these jackets for union members, that there wasn't going to be any union label?

Mr. PITELL. Personally, I didn't care. I saved a quarter of a cent a coat by not putting it in.

Mr. KENNEDY. Because you didn't have to sew it in; is that correct?

Mr. PITELL. Well, I have to compensate the girls when they put in anything extra.

Mr. KENNEDY. Did you go back and report to Sol Marks what the union official had said?

Mr. PITELL. I did.

Mr. KENNEDY. What did he say?

Mr. PITELL. Nothing was done about it. Nothing was said.

Mr. KENNEDY. You never put the union labels in?

Mr. PITELL. No.

Mr. KENNEDY. What did you understand Nat Gordon had to do with this company?

Mr. PITELL. Well, as far as I knew, he was a salesman.

Mr. KENNEDY. Did you have any contact with him yourself?

Mr. PITELL. And then he came to my place one day and said, "Phil, there is no more Union Local Supply. From now on it is Union Sales."

Mr. KENNEDY. Who owned Union Sales?

Mr. PITELL. The checks were signed by Nat Gordon.

Mr. KENNEDY. The checks were signed by Nat Gordon?

Mr. PITELL. Yes.

Mr. KENNEDY. He took over, evidently, Union Sales?

Mr. PITELL. What the deal was, I wouldn't know.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

The committee will stand in recess until 10:30 in the morning.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 4:05 p.m. the select committee recessed, to reconvene at 10:30 a.m., Tuesday, June 30, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, JUNE 30, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senators John L. McClellan, Democrat of Arkansas; Sam J. Ervin, Jr., Democrat of North Carolina; Frank Church, Democrat of Idaho; Barry Goldwater, Republican of Arizona; Carl T. Curtis, Republican of Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; Walter R. May, assistant counsel; John P. Constandy, assistant counsel; Carmine S. Bellino, accounting consultant; Pierre E. G. Salinger, investigator; Frank Lloyd, GAO investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Curtis.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, we are going into a different transaction this morning, and this is a transaction that will deal with two individuals who have been associated with the Teamsters in one way or another: Mr. Benjamin Dranow and Mr. Louis Triscaro, who is second in charge of the Ohio Conference of Teamsters.

The first witness of approximately seven or eight witnesses is Mr. Earl T. Benjamin.

The CHAIRMAN. Will you come around, Mr. Benjamin?

Mr. Benjamin, will you be sworn?

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BENJAMIN. I do.

TESTIMONY OF EARL T. BENJAMIN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BENJAMIN. Earl T. Benjamin. I live at 3981 West 140th Street, Cleveland, Ohio, and I am president of Welded Construction Corp.

The CHAIRMAN. That is a building firm, is it?

Mr. BENJAMIN. It is a steel fabricating firm.

The CHAIRMAN. Do you waive counsel, Mr. Benjamin?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. Mr. Benjamin, you are a pilot?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. You have been associated with airplane ventures and have been a member of the Port & Harbor Commission of Cleveland?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. In 1957, you received a telephone call from a friend from California, Mr. William Steiner; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And he told you of the fact that there were some surplus Government planes that were up for sale?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. These were planes known as C-74 Globemasters?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. Could you tell us what they were?

Mr. BENJAMIN. Well, the planes he said were coming up for sale were the original C-74 Globemasters, originally starting out as a DC-7 before they had the large bulk cargo fuselage.

Mr. Steiner stated that it would take very little to certify these airplanes and get them as usable cargo planes for industry, the aircraft industry.

Mr. KENNEDY. It was going to be the largest piston-drive airplane in commercial operation?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And it was designed to carry 170,000 pounds of 125 troops, plus a crew of 9?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And it could accommodate a cargo as large as a 2½-ton truck; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. The plane was never placed in civilian operation, was it?

Mr. BENJAMIN. No, sir.

Mr. KENNEDY. Due to the Korean war; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And the cost to the Government was \$1.5 million apiece?

Mr. BENJAMIN. I don't know what the Government cost was.

Mr. KENNEDY. I believe that is what the records show.

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. What did Mr. Steiner suggest to you at that time?

Mr. BENJAMIN. Mr. Steiner suggested that he could take care of the certification end and what the deal would be would be that people would come in with the money of 50 percent, and 25 percent would go to Mr. Steiner and 25 percent to myself and 50 percent to the people that financed the project, which was to be ratified when we sat down to the negotiations.

Mr. KENNEDY. So, Akros Dynamics Corp. was formed in April of 1957?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. It was incorporated actually on April 17, 1957, for the purpose of purchasing these airplanes?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. Now, on the first bid that you put in, which was for \$1.5 million, for how many of these airplanes?

Mr. BENJAMIN. For \$1.5 million we bid all 11 airplanes and all of the parts and the whole catalog.

Mr. KENNEDY. And the Government rejected all of the bids; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. On what grounds?

Mr. BENJAMIN. On the grounds I have been informed there wasn't enough money for them.

Mr. KENNEDY. And then they readvertised?

Mr. BENJAMIN. They readvertised on a negotiated sale, and the second time we bid \$1,581,000 but we did not get the 27 engines that went in the first package.

Mr. KENNEDY. Did you receive the airplanes themselves?

Mr. BENJAMIN. No, we were awarded the the contract.

Mr. KENNEDY. For how many of the airplanes?

Mr. BENJAMIN. We were awarded the contract for all 11.

Mr. KENNEDY. And it was some of the parts you did not get?

Mr. BENJAMIN. Well, we made payment to the Government of \$500,000 and we received four aircraft and a portion of the parts.

Mr. KENNEDY. That was in the summer of 1958, was it?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And the price was \$1,581,000?

Mr. BENJAMIN. Yes, \$1,581,000.

Mr. KENNEDY. Originally you had expected to obtain some backing through a Cleveland restaurant owner by the name of Mike Zapone?

Mr. BENJAMIN. He would get the people to finance the project.

Mr. KENNEDY. And ultimately it was found that he could not handle it or his people could not handle it, and then Mr. Al Naiman was brought into the deal, and he was to help finance it; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. For the details, the contract with the U.S. Air Force was amended to provide payment to the U.S. Air Force of \$500,000 on August 24, 1958, and \$200,000 on November 5, 1958, and eight equal monthly payments thereafter of \$110,167.75 commencing on December 1, 1958?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. With a half percent interest on the principal balance payable from August 25 with each installment?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. The agreement further provided for the release of four planes on the payment of \$500,000 with the others to be released as payments covering them was made?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Now, you and Mr. Naiman went to the Pan American Bank of Miami, Fla., to try to obtain some financing?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And there you negotiated a loan; is that right?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Now, it was determined by the bank that they could not make the loan needed by Akros without additional collateral; is that right?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. So a rather complicated transaction then occurred?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. They had a note of a man by the name of Gus DeMeo. This is just to make sure we have the full facts in the record, Mr. Chairman, and it is slightly complicated.

The CHAIRMAN. This is the background; is that correct?

Mr. KENNEDY. That is correct.

They had a note of a man by the name of Gus DeMeo, and he owned a company called the Aircraft Instrument Corp.?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. And they were at that time in default to the bank; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. On a mortgage?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. So that you agreed to take over DeMeo's mortgage and pay his note?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. And you then got a mortgage on DeMeo's property which consisted of 39 PBY's, Catalina Flying Boats, 1 Lockheed Lodestar commercial plane, and L-13A's, a liaison plane, and some other small items?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. So therefore, in order to do that you had to put up \$500,000; is that right?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. To pay off his note?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. So the Pan American Bank then loaned you \$840,000?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. And then arranged for another loan of \$200,000?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. So you received \$1,040,000, approximately?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. With the \$1,040,000, you used \$500,000 to pay the Pan American Bank to buy DeMeo's debt?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. \$500,000 on August 25, 1958, to the U.S. Air Force?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. And the balance was used to move one of the planes from Davis-Monthan Air Force Base at Tucson, Ariz., to Hamilton Aircraft Co., Tucson, Ariz.

Mr. BENJAMIN. And to pay the insurance of \$400,000.

(At this point Senator Goldwater entered the hearing room.)

Mr. KENNEDY. So you got the \$1 million and you spent it all in the manner that I have described?

Mr. BENJAMIN. That is true.

Mr. KENNEDY. And in exchange the Pan American Bank had your note for \$840,000, the mortgage on the 4 released C-74's, and the mortgage DeMeo had given Akros on the other 50 airplanes?

Mr. BENJAMIN. That is true.

Mr. KENNEDY. The loan was set up for 60 days, and renewed November 3, 1958, for an additional 60 days?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. And the interest to October 17, 1958, is \$8,400, and amounts now to \$140 a day; is that right?

Mr. BENJAMIN. I believe that is correct.

Mr. KENNEDY. And there are some financial difficulties at the present time?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Now, prior to and during and subsequent to the loan from the bank, you had been attempting to sell or lease these airplanes?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. You had one source that you thought you would be able to lease the planes to, and that fell through; is that right?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. And you tried to sell the airplanes to the Greek-Ethiopian Airlines?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. And other sources outside the United States?

Mr. BENJAMIN. Yes.

Mr. KENNEDY. Because use of the planes within the continental United States was prohibited unless certain certification requirements were fulfilled?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. And again while the planes were not certified, you had difficulty selling them outside also?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Now, on January 21, 1959, you executed an agreement, is that right, with Dominick Bartone?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. And Jack LaRue?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. They are president and vice president respectively, of the International Trading Co., Inc.?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Now, Dominick Bartone is a very important figure in the whole transaction; is that right?

Mr. BENJAMIN. Well, he was going to sell the aircraft.

Mr. KENNEDY. And he is the same individual who was recently arrested down in Miami, Fla., in connection with the arms shipments?

Mr. BENJAMIN. Yes, I read it in the papers, and I haven't talked to him since then.

Mr. KENNEDY. And this agreement that was executed on January 21, 1959, gave LaRue and Bartone an option on two airplanes, which Bartone said he could sell in Cuba; is that right?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Bartone paid nothing for the option, but expected to receive a commission from the Cuban Government; was that the understanding?

Mr. BENJAMIN. No, I don't know of any understanding like that. My understanding was we were to pay him a commission if he sold them.

Mr. KENNEDY. What was the commission you were going to pay?

Mr. BENJAMIN. Ten percent, I believe.

Mr. KENNEDY. How did Mr. Bartone happen to come into the picture?

Mr. BENJAMIN. I met Mr. Bartone in Mr. Alvin Naiman's office. They come up to Mr. Naiman's office and said they had a chance to sell the airplanes in Cuba, and we were acceptable to sell them to anybody who was a reliable person to buy them.

Mr. KENNEDY. Did you know anything about the background of Mr. Bartone at the time?

Mr. BENJAMIN. No. I had met Mr. Bartone prior to that, but I knew nothing of his background.

Mr. KENNEDY. Did you know how he happened to be in Mr. Naiman's office?

Mr. BENJAMIN. No, I don't.

Mr. KENNEDY. Do you know who brought him in or anything?

Mr. BENJAMIN. No, I don't know.

Mr. KENNEDY. Castro had just taken over in Cuba at that time, had he not—some 3 weeks before?

Mr. BENJAMIN. Yes, I believe it was right around there.

Mr. KENNEDY. The price to the Cuban Government was to be some \$400,000 apiece for the airplanes?

Mr. BENJAMIN. That was my understanding.

Mr. KENNEDY. And subject to the approval of the U.S. Department of State?

Mr. BENJAMIN. That is right.

Mr. KENNEDY. Subsequently, in February of 1959, did you grow a little pessimistic as to how this whole operation was working out?

Mr. BENJAMIN. Yes. Things, you might say, were tightening up, and it wasn't getting any results; I mean we heard of no results or nothing.

Mr. KENNEDY. So, did you have some further conversations with Mr. Naiman about what steps could be taken?

Mr. BENJAMIN. Yes. Well, Mr. Naiman said there was an opportunity there to make a bailout deal, sell the whole thing to a group on the west coast.

Mr. KENNEDY. Who was the group on the west coast?

Mr. BENJAMIN. I don't know. It was just the Bartone-LaRue group. They were handling the transaction.

Mr. KENNEDY. Did Mr. Naiman approach you about that?

Mr. BENJAMIN. Yes—I mean, it was discussed right there in the office.

Mr. KENNEDY. What arrangements were you going to make then to sell out?

Mr. BENJAMIN. Well, we signed agreements and resigned as officers and directors of the corporation, and turned all our stock over to Mr. Naiman.

Mr. KENNEDY. Did you know who was going to get the stock then?

Mr. BENJAMIN. No, we didn't.

Mr. KENNEDY. It was a transfer in blank of all the stock; is that right?

Mr. BENJAMIN. That is true.

Mr. KENNEDY. Did Mr. Naiman tell you at that time who was behind the Bartone-LaRue group?

Mr. BENJAMIN. No, he didn't.

Mr. KENNEDY. Can we have these documents identified and also the Akros stock certificates, Mr. Chairman?

The CHAIRMAN. I hand you here two photostatic copies. One is addressed to Akros Dynamics Corp., dated February 11, 1959, bearing some six signatures; and the other is of the same date, addressed to Alvin A. Naiman, bearing, I believe, the same signatures as the former.

Would you examine these two documents and state if you identify them as photostatic copies of the originals?

(The documents were handed to the witness.)

Mr. BENJAMIN. These are true copies.

The CHAIRMAN. They are correct copies?

Mr. BENJAMIN. Yes, sir.

The CHAIRMAN. They may be made exhibits No. 25 and 25-A.

Documents referred to were marked "Exhibits Nos. 25 and 25A" for reference and will be found in the appendix on pp. 19133-19134.)

The CHAIRMAN. Now I hand you a number of photostatic copies of stock certificates and ask you to examine those and state if they are the stock certificates referred to in the preceding exhibit.

(The documents were handed to the witness.)

Mr. BENJAMIN. Yes, sir.

The CHAIRMAN. Those stock certificates may be made exhibit No. 25-B.

(Documents referred to were market "Exhibit No. 25-B" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. After this agreement was made, we have this letter, Exhibit No. 25, dated February 11, 1959:

Gentlemen: We the undersigned do herewith resign as officers, directors, and stockholders of Akros Dynamics Corp.

and then it lists the names. Then another letter dated February 11, 1959:

DEAR SIR: We the undersigned do herewith enclose our certificates of shares of stock of Akros Dynamics Corp., duly executed by us, together with our resignations as officers, directors, and stockholders of the aforesaid company.

You are herewith authorized to use and retain these certificates of shares of stock, together with our resignations only upon the following terms and conditions:

That you complete your transaction with the group known as LaRue & Bartone. However, should you not complete this matter, then you are herewith instructed to return our enclosed stock certificates and resignations.

That is a letter to Mr. Alvin Naiman. Did you ever receive your stock certificates and resignations back?

Mr. BENJAMIN. No.

Mr. KENNEDY. They haven't been returned to you?

Mr. BENJAMIN. They have been returned to Mr. William Steiner about a week ago.

Mr. KENNEDY. About a week ago? After our investigation began; is that right?

Mr. BENJAMIN. That is true.

Mr. KENNEDY. Did you know of an agreement made between Mr. Naiman and a man by the name of Herbert Burris, to turn over your company?

Mr. BENJAMIN. No, I didn't.

Mr. KENNEDY. Was that agreement shown to you by our investigator?

Mr. BENJAMIN. It was shown in Mr. Naiman's office by your investigators.

Mr. KENNEDY. Had you known about it prior to that time?

Mr. BENJAMIN. No; I hadn't.

Mr. KENNEDY. Did you know who Mr. Herbert Burris was?

Mr. BENJAMIN. No; I never heard of the name.

Mr. KENNEDY. Did you know what the background of Mr. Naiman turning the company over to Mr. Burris was?

Mr. BENJAMIN. No, I knew nothing of that.

Mr. KENNEDY. Was there authorization to turn the company over to Burris?

Mr. BENJAMIN. Well, we signed off. I didn't know who Mr. Burris was. We signed and we heard no more about it.

Mr. KENNEDY. And it wasn't until a week ago that you got your company back?

Mr. BENJAMIN. Well, it was a week ago, I think, a week ago that Mr. Steiner took the stock down to Florida.

The CHAIRMAN. What had happened in the meantime? Had you pursued the matter any further to find out whether the proposition was progressing and succeeding?

Mr. BENJAMIN. Yes.

The CHAIRMAN. What reports had you had on it?

Mr. BENJAMIN. Well, that things were going to be taken care of, and they were being taken care of. But in checking, we found the bank wasn't taken care of.

The CHAIRMAN. Who was making these reports to you?

Mr. BENJAMIN. Mr. Naiman.

The CHAIRMAN. Mr. Naiman was making reports from time to time that things were going along and would come out all right?

Mr. BENJAMIN. That is true.

Mr. KENNEDY. Is it correct that on April 8, 1959, you received a package air express from a man by the name of A. W. Weinblatt, Miami Beach?

Mr. BENJAMIN. That is correct.

Mr. KENNEDY. Did you open that package?

Mr. BENJAMIN. Yes.

Mr. KENNEDY. And did it contain the corporation kit of Akros?

Mr. BENJAMIN. It contained the corporation records.

Mr. KENNEDY. Were you surprised at that?

Mr. BENJAMIN. Yes, I was surprised I had gotten them back.

Mr. KENNEDY. Had you known they had been sent anyplace?

Mr. BENJAMIN. Well, I understood when we turned everything over to Mr. Naiman that this whole new outfit was taking everything.

Mr. KENNEDY. What was the reason that is was returned to you?

Mr. BENJAMIN. I don't know.

Mr. KENNEDY. Do you find that the operation of the company after February 11, or so, was shrouded in some mystery, as far as you were concerned?

Mr. BENJAMIN. Well, I wouldn't know it was a mystery or not. We resigned as officers, and legally or technically we had nothing more to say until the deal was all tied up. But I got no information.

Mr. KENNEDY. According to the agreement that you made, it was to be turned over to LaRue & Bartone. Do you know how Mr. Burris got into it?

Mr. BENJAMIN. No, I don't.

Mr. KENNEDY. Did you ever hear of Mr. Benjamin Dranow?

Mr. BENJAMIN. I have heard of Mr. Dranow. Mr. Naiman was talking on the telephone and I asked who he was because I heard the name Pan American Bank, and he said he was a banker, Mr. Dranow was a banker.

Senator CURTIS. Do you still owe the bank? Does the company still owe the bank?

Mr. BENJAMIN. Yes, sir.

Senator CURTIS. How much money?

Mr. BENJAMIN. All of it.

Senator CURTIS. How much is that?

Mr. BENJAMIN. \$1,040,000, plus the interest.

Senator CURTIS. How much does the interest run a day or a month?

Mr. BENJAMIN. It is 6 percent a year.

Senator CURTIS. \$140 or \$150 a day, isn't it?

Mr. BENJAMIN. Yes, sir.

Senator CURTIS. You haven't been able to locate a buyer for these planes?

Mr. BENJAMIN. Well, the thing is we suffered from lack of capital. In order to have a buyer, we need the aircraft to be certified, which could be done, but it probably would have cost \$50,000 to \$60,000 a plane, which would make it a valuable aircraft probably worth in the neighborhood anywhere upward of \$400,000 to \$500,000 an airplane.

Senator CURTIS. Each one of them?

Mr. BENJAMIN. Yes, sir.

Senator CURTIS. How many are there?

Mr. BENJAMIN. There are 11 of them. It is the largest cargo piston-driven plane today.

Senator CURTIS. They are in good shape?

Mr. BENJAMIN. Yes, sir, in beautiful shape.

Senator CURTIS. Where are they?

Mr. BENJAMIN. Davis-Monthan Air Force Base, in Tucson.

Mr. KENNEDY. Do you own all 11 now?

Mr. BENJAMIN. Well, the contract says we own all 11. We didn't pay for them. I mean, we bought them. We received title to four.

Mr. KENNEDY. Do you have the parts, then, now?

Mr. BENJAMIN. We have some parts.

Mr. KENNEDY. Do you own all the parts?

Mr. BENJAMIN. I would say we moved all the parts from Mobile. We own the parts.

Mr. KENNEDY. Do you own the parts for all 11?

Mr. BENJAMIN. Yes, sir.

Mr. KENNEDY. What if you can't pay for the other seven? The Air Force will have seven airplanes without the parts?

Mr. BENJAMIN. Well, parts—I wouldn't say it was parts for all 11, because it was just what they figured was parts that would be needed to operate. Like we don't have any extra nosewheels in our parts.

Mr. KENNEDY. What is the Air Force going to do if you can't pay for the other seven, if they don't have any spare parts?

Mr. BENJAMIN. I couldn't tell you what they would do. I wish I knew.

Mr. KENNEDY. Nobody will buy them at all then, will they? If you have all the parts and they have the seven airplanes——

Mr. BENJAMIN. We don't have all the parts.

Mr. KENNEDY. Do they have any parts left?

Mr. BENJAMIN. They have parts; yes.

Mr. KENNEDY. They do have parts?

Mr. BENJAMIN. Yes, and these parts are comparable to DC-7 and DC-6 aircraft. They are flying airplanes today.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Call the next witness.

Mr. KENNEDY. Mr. Herbert R. Burris.

The CHAIRMAN. Be sworn, Mr. Burris.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BURRIS. I do.

TESTIMONY OF HERBERT R. BURRIS, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence and business or occupation.

Mr. BURRIS. Herbert R. Burris, 19 West 44th Street, New York City, attorney at law.

The CHAIRMAN. Thank you very much.

You have counsel. Let the record show that Mr. Alder appears for the witness.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Burris, we have had some testimony here in connection with an agreement that was made by Mr. Naiman with you in connection with Akros.

Could you tell us how you got into the Akros company or what you had to do with it?

Mr. BURRIS. I wish you would ask this photographer to move aside for a moment. It is disturbing.

The CHAIRMAN. Mr. Photographer, get to one side.

In the meantime, make no other snaps or pictures during the course of the witness' testimony.

Proceed.

Mr. BURRIS. I believe the question was—would you repeat the exact question again, please?

Mr. KENNEDY. What I would like to find out is how you got into Akros Dynamics, what you had to do with that.

Mr. BURRIS. Well, I don't know the exact date, but it was a day or two or three prior to the date of that agreement. That is in the middle of February. I received a phone call from Mr. Benjamin Dranow asking me to go to Cleveland to look into the merits of a plane proposition, an airplane proposition. I got on the plane, went to Cleveland. He told me to see Mr. Louis Triscaro.

Mr. KENNEDY. Who is Mr. Louis Triscaro?

Mr. BURRIS. He is an official of the Teamsters Union of one of the locals in Cleveland, Ohio?

Mr. KENNEDY. Local 346?

Mr. BURRIS. I don't recall the number.

Mr. Triscaro introduced me to Mr. Naiman, and Mr. Naiman explained what the airplane setup was, showed me various papers, and I sat back and analyzed the situation very briefly in my mind, and thought there was merit to it.

Mr. KENNEDY. Where did you have this meeting?

Mr. BURRIS. I went to Cleveland, I went to Mr. Triscaro's office and Mr. Naiman came over to Mr. Triscaro's office.

Mr. KENNEDY. So this meeting in connection with the plane was held in Mr. Triscaro's office?

Mr. BURRIS. Yes; but Mr. Triscaro wasn't there particularly. He sort of let us talk together. He had other business.

Mr. KENNEDY. Was he there at all?

Mr. BURRIS. Yes; he was. He introduced us.

Mr. KENNEDY. I am afraid I got the local wrong. It is local 436.

Mr. BURRIS. I don't remember the number.

Mr. KENNEDY. Go ahead.

Mr. BURRIS. I phoned Mr. Dranow. Mr. Dranow said, "Well it sounds all right," if I like the idea, and I said, "Well, from a preliminary survey, it seems OK."

Mr. Dranow, being the principal here that I represent, I think he told me, or spoke to Mr. Naiman or Mr. Triscaro, I forget at the time, but there was a telephone call and we went down to Florida.

Mr. KENNEDY. From Cleveland?

Mr. BURRIS. From Cleveland, stopping in New York, going from New York to Florida.

Mr. KENNEDY. What do you mean, you stopped in New York on your way to Florida?

Mr. BURRIS. Well, the same day that I went to Cleveland I returned to New York. They came along. The next morning——

Mr. KENNEDY. Who is "they"?

Mr. BURRIS. Mr. Triscaro and Mr. Naiman.

Mr. KENNEDY. So the three of you went to New York?

Mr. BURRIS. That is right.

Mr. KENNEDY. What did you do in New York?

Mr. BURRIS. In New York, it was late at night, or in the early evening, I forget which, and we met with my father——

Mr. KENNEDY. What is your father's name?

Mr. BURRIS. S. George Burris.

Mr. KENNEDY. We had him as a witness yesterday.

Mr. BURRIS. That is right.

Mr. KENNEDY. Go ahead.

Mr. BURRIS. And we went to Miami the next morning, as I recall, to meet with Mr. Dranow.

Mr. KENNEDY. Why did you meet with your father?

Mr. BURRIS. Well, first of all, I had to come back to New York. My father has business in Florida and goes back and forth all the time.

Mr. KENNEDY. That doesn't explain why you met with your father that night.

Mr. BURRIS. I always do when I come back to the office, when I come back at the end of a trip.

Mr. KENNEDY. Why did Mr. Triscaro and Mr. Naiman meet with your father?

Mr. BURRIS. They were along with me.

Mr. KENNEDY. They couldn't fly by themselves to Florida?

Mr. BURRIS. They probably could have, but they didn't. Maybe the plane connections were not direct, and I don't recall.

Mr. KENNEDY. Is it more direct to get to Florida from Cleveland than to go via New York?

Mr. BURRIS. I don't know. You probably know that better than I do, but there is nothing unusual about it.

The CHAIRMAN. Is there any significance in their going with you to have a conference with your father?

Mr. BURRIS. No; nothing whatsoever.

The CHAIRMAN. Did your father have any interest in this transaction in any way?

Mr. BURRIS. My father knew nothing about the transaction, nor did Mr. Dranow until the time that I went to Cleveland, as far as I know.

The CHAIRMAN. Mr. Dranow employed you?

Mr. BURRIS. Yes, sir; I have done work for Mr. Dranow.

The CHAIRMAN. But he employed you to look into this transaction, and to look into this proposition?

Mr. BURRIS. That is right.

The CHAIRMAN. So you went to Cleveland at his instance, or he retained you to do that?

Mr. BURRIS. That is right.

The CHAIRMAN. So you don't know how long before he knew or had some interest in the matter?

Mr. BURRIS. I can tell you what he told me. He didn't know anything about it.

The CHAIRMAN. I would say except for what he told you, that is all right.

Mr. KENNEDY. Did Mr. Triscaro and Mr. Naiman meet with your father in New York that night?

Mr. BURRIS. They met and we all went back to the office and I think that I had arranged for hotel accommodations for them on the phone.

Mr. KENNEDY. Did you discuss this plane deal back at the office?

Mr. BURRIS. Very briefly, and I told it to my father.

Mr. KENNEDY. You did discuss it?

Mr. BURRIS. Discuss it, no; hardly discussed it. I just went over the brief highlights, and I spent a few hours on it in Cleveland.

Mr. KENNEDY. You reviewed the papers with your father, and Mr. Triscaro and Mr. Naiman were present?

Mr. BURRIS. Very briefly; the papers are very voluminous in that deal.

Mr. KENNEDY. So you went to New York.

Mr. BURRIS. And I gave him the highlights.

Mr. KENNEDY. Then you went to Florida.

Mr. BURRIS. But my father was not particularly interested in this, but anything that I do that has any effect, I generally talk over with him, unless it is a privileged communication.

Mr. KENNEDY. Then what did you do?

Mr. BURRIS. We went down to Miami and met with Mr. Dranow and I probably gave Mr. Dranow the highlights of it and turned the principals over one to another to really discuss it and I wasn't as familiar with it as Mr. Naiman.

The CHAIRMAN. Was Mr. Dranow in Miami at the time that he called you and arranged for you to go out to Cleveland?

Mr. BURRIS. I believe so.

The CHAIRMAN. Or did he contact you there in New York?

Mr. BURRIS. Mr. Dranow wasn't in New York; he was in Miami or one of the Miami suburbs or something.

The CHAIRMAN. He called you from somewhere else and arranged for you to go from New York to Cleveland?

Mr. BURRIS. He called me from somewhere. He called me from Florida.

The CHAIRMAN. He called you from somewhere in Florida?

Mr. BURRIS. That is right.

The CHAIRMAN. And arranged for you to go to Cleveland?

Mr. BURRIS. Yes, sir.

The CHAIRMAN. After you made the trip to Cleveland, then you in turn, you and Mr. Triscaro and Mr. Naiman, met him in Miami?

Mr. BURRIS. That is right.

Mr. KENNEDY. And you left your father in New York?

Mr. BURRIS. My father went down to Miami.

Mr. KENNEDY. Your father went to Miami?

Mr. BURRIS. Both my father and I had other business in Miami.

Mr. KENNEDY. You all went on the plane together to Miami?

Mr. BURRIS. That is right. We didn't come back together.

Mr. KENNEDY. All right; go ahead. What happened down in Miami?

Mr. BURRIS. What is that?

Mr. KENNEDY. What happened in Miami?

Mr. BURRIS. Well, that is the gist of it.

Mr. KENNEDY. Who did you meet with there?

Mr. BURRIS. Who did I meet with where?

Mr. KENNEDY. In Miami?

Mr. ALDER. I think he has answered the question.

Mr. BURRIS. You know the principals and we met down there.

Mr. KENNEDY. You met with Mr. Dranow?

Mr. BURRIS. Yes, sir.

Mr. KENNEDY. And Mr. Triscaro?

Mr. BURRIS. Mr. Triscaro was not present most of the time, and he was interested in something else.

Mr. KENNEDY. What was he interested in?

Mr. BURRIS. I think Mr. Rocky Marciano was there; he was down there at the time. He was a friend of his.

Mr. KENNEDY. Was he present in any of these discussions?

Mr. BURRIS. Mr. Marciano—no.

Mr. KENNEDY. Mr. Triscaro?

Mr. BURRIS. Yes, he came over, but he wasn't an active participant.

Mr. KENNEDY. What was it decided that you would do at that time?

Mr. BURRIS. I didn't decide anything. Mr. Dranow did some deciding.

Mr. KENNEDY. What was it decided that would be done then?

Mr. BURRIS. It was decided that Mr. Dranow would look into the proposition.

Mr. KENNEDY. Was there an agreement made at that time?

Mr. BURRIS. Yes; it was a Saturday morning and I drew a very one-sided agreement, giving Mr. Dranow the opportunity to look into the matter.

Mr. KENNEDY. Does Mr. Dranow's name appear in the document?

Mr. BURRIS. No; I took it as nominee for Mr. Dranow.

Mr. KENNEDY. So his name doesn't appear, and it appears that you are the one who has the company?

Mr. BURRIS. That is right.

The CHAIRMAN. I present to you what purports to be a photostatic copy of a letter dated February 14, 1959, addressed to Alvin A. Naiman, and apparently signed by you. It is apparently signed by you and witnessed by Triscaro.

I ask you to examine this and state if this is what you referred to as the one-sided agreement which you drew up.

(The document was handed to the witness.)

Mr. BURRIS. That is the agreement; the only one.

The CHAIRMAN. It may be made exhibit No. 26.

(Document referred to was marked "Exhibit No. 26" for reference, and may be found in the files of the select committee.)

Mr. BURRIS. That agreement, as I recall, specifically sets forth the situation, and I think specifically states that this is only for an opportunity for Mr. Dranow to look into this, but while looking into it he was to have control of the corporation.

The CHAIRMAN. He would control the corporation?

Mr. BURRIS. Well, if he was looking into it, and he could accomplish something, he would have to have control of the situation.

The CHAIRMAN. I don't understand. He is undertaking to purchase something, is he?

Mr. BURRIS. That is right.

The CHAIRMAN. Purchase another corporation; is that right? This is to purchase another corporation?

Mr. BURRIS. This is to purchase the stock of another corporation if he wanted to spend money and time to go into this proposition.

The CHAIRMAN. In the meantime, pending his trying to determine or pending his consideration and investigation and so forth, the stock of the other corporation was turned over to him, the one he was going to buy, and he takes complete control of it. Is that right?

Mr. BURRIS. He had the right to, and it was supposed to be turned over and I don't believe it was.

The CHAIRMAN. It was supposed to be turned over to him and he was to manage it and run it and operate it and so on while he was making up his mind; is that correct?

Mr. BURRIS. I drew this agreement to protect him in those respect.

The CHAIRMAN. You said you drew it as a one-sided agreement, and I am inclined to agree with you, and that is what I was trying to get at; it is a little bit unusual that a man, while considering buying something, takes complete charge of it before he decides.

Mr. KENNEDY. I would like to ask Mr. May to give the highlights of the agreement, Mr. Chairman.

The CHAIRMAN. Have you been previously sworn?

Mr. MAY. Yes, sir.

The CHAIRMAN. All right, you may sit right there, and speak into the microphone so it can be heard.

TESTIMONY OF WALTER R. MAY—Resumed

Mr. MAY. This agreement reflects that in consideration—

The CHAIRMAN. I wish you would observe if any erroneous statement or inaccurate statement is made. I want you to follow it for accuracy.

Mr. MAY. This agreement reflects that in consideration of \$1 and other valuable considerations, it is agreed that Herbert L. Burris shall be held harmless, that Mr. Naiman hereby sells all of the outstanding capital stock of Akros to Mr. Burris as nominee, and agrees to deliver certificates of stock signed in blank, and the resignations of all officers and directors of Akros, together with the corporate outfit, together with the records and files of Akros; that all certificates of stock in the Akros Dynamics Corp. shall be delivered free and clear; that Mr. Naiman includes in this sale any and all properties purchased or acquired by himself or his associates.

In return for the above sale, Mr. Naiman, according to the agreement, received the following, and I quote:

In the event the undersigned principals receive a profit on the sale, lease, or disposal of said airplanes, parts and equipment, Alvin A. Naiman shall receive 15 percent of the net profits therefrom.

TESTIMONY OF HERBERT R. BURRIS ACCOMPANIED BY COUNSEL H. CLIFFORD ALLDER—Resumed

Mr. BURRIS. May I cause the preceding paragraph to be read, which contains the gist of this agreement?

The CHAIRMAN. You may read it.

Mr. BURRIS (reading).

The undersigned, on behalf of his principals, agrees to endeavor to take whatever steps he believes necessary in his sole discretion to salvage the basic concept of the purchase of these airplanes and parts and to turn this desperate situation into a profitable one, expending as little or as much time and money as the undersigned solely deems advisable.

The undersigned makes no further representations to Alvin A. Naiman whatsoever, nor does the undersigned obligate himself (as principals) whatsoever to expend any moneys except the \$1 required to purchase the said capital stock. In the event the undersigned, after looking further into this matter, believes that Alvin A. Naiman, the Akros Dynamics Corp., got into a hopeless situation, the undersigned at any time may tender the return of the stock certificates, and so forth,

and the undersigned and his principals shall be held,
et cetera, et cetera.

This is the gist of this agreement, as I explained to your investigators. At the time, the corporate outfit was not present, the stock certificates. They were supposed to be delivered. I understand there were certain options on stock. I have very little knowledge beyond that point.

Mr. KENNEDY. So the company was turned over to Mr. Dranow with the understanding that if he felt he couldn't make a deal of it or wanted to turn it back, he could return it; is that correct?

Mr. BURRIS. Well, it was turned over to the extent of this agreement. But I don't know what papers were delivered subsequent thereto.

Mr. KENNEDY. That agreement provides that it was to be turned over.

Mr. BURRIS. Was to be, yes. I don't know if it ever was. However, I heard the testimony that some papers were returned. So evidently something was delivered.

Mr. KENNEDY. Mr. May, Mr. Burris made reference to the fact that he told you about this situation when you first interviewed him. What did he say about Akros?

Mr. MAY. We asked Mr. Burris if there existed at any time an agree between Akros and Mr. Dranow, or himself, and Mr. Burris denied that such an agreement ever existed.

Mr. KENNEDY. It that correct, Mr. Burris?

Mr. BURRIS. As far as I understand, an agreement is basically a meeting of the minds, mutually decided by the parties. This is a one-sided agreement. There was only one copy of it. I didn't even know it was ever completely signed. I didn't know it was ever completed.

Mr. KENNEDY. When our investigators found the agreement, what did you say to them?

Mr. BURRIS. Let your investigator testify to that.

Mr. KENNEDY. What did you say?

Mr. BURRIS. I don't recall.

Mr. KENNEDY. What did he say?

Mr. MAY. He said, "I thought it had been destroyed."

Mr. BURRIS. That is right. I said as far as I knew, there was only one copy of it. I didn't think anything would come of the whole thing. I didn't see the complete copy executed as far as I recall.

Mr. KENNEDY. Did he deny that he knew anything about such an agreement originally?

Mr. MAY. Initially; yes.

Mr. KENNEDY. Did you press him many times on it?

Mr. MAY. Many times.

Mr. KENNEDY. Did you press him on whether there had been a meeting of any kind on this matter?

Mr. MAY. Yes; many times.

Mr. KENNEDY. Did he deny there had been a meeting?

Mr. MAY. Yes, sir.

Mr. BURRIS. What do you mean many times? We only discussed it 20 minutes.

Mr. MAY. It came out.

Mr. KENNEDY. This gentleman, Mr. Chairman, made our investigation very, very difficult. We went to him to try to get the information. He denied any knowledge of it, and refused to give us any information. If it weren't for the work of the investigators and the cooperation of Mr. Naiman subsequently, we wouldn't have had the true picture on this matter.

It shows the difficulty in trying to trace down some of these operations. You will see the involvement of the Teamsters later on. But it will show the difficulty of tracing down these operations when Mr. Burris and then his father became fronts for Mr. Dranow, and then when a representative of the U.S. Government attempts to come in and get some information, here he is, an attorney, it is charitable to say he told an untruth to the investigators.

The CHAIRMAN. What happened is he withheld as much information as he thought he could at the time. We have succeeded in developing, apparently, the facts.

The document, the one-sided contract, of course, speaks for itself. As I understand, it was taken in Mr. Burris, but the owner of any rights or equities claimed thereunder would be Mr. Dranow.

Is that correct? In other words, you had no interest in it other than as the agent or trustee for Mr. Dranow?

Mr. BURRIS. That is right, sir.

The CHAIRMAN. It was his property. All rights enumerated or procured by reason of that document went to Mr. Dranow and not to you personally?

Mr. BURRIS. That is right. And another thing, Senator McClellan, you must understand that when somebody comes to you cold on a proposition like this, and you are an attorney representing a client, the first thought that comes to your mind is privileged communication.

Mr. KENNEDY. You don't lie.

Mr. BURRIS. I didn't lie.

The CHAIRMAN. All you have to say is, "I have a client, and that is privileged, and I am not going to talk about it." But anyhow, we have the facts, have we?

Mr. KENNEDY. Were you reimbursed by Mr. Dranow in connection with this matter?

Mr. BURRIS. I was.

Mr. KENNEDY. When were you reimbursed?

Mr. BURRIS. I have sent Mr. Dranow—I have asked Mr. Dranow for moneys from time to time. I received some moneys on account. He owes me other moneys.

Mr. KENNEDY. How much money have you received from him?

Mr. BURRIS. On account?

Mr. KENNEDY. On this. How much money did you receive from him on this?

Mr. BURRIS. I haven't broken it down what my total bill will eventually be. I received \$750.

Mr. KENNEDY. From him?

Mr. BURRIS. That is right.

Mr. KENNEDY. In connection with this and other matters?

Mr. BURRIS. That is right.

Mr. KENNEDY. Did you get reimbursed for your trip to Cleveland?

Mr. BURRIS. Nor did I get reimbursed for my trip to Cleveland.

Mr. KENNEDY. Did you get reimbursed for your trip to Cleveland?

Mr. BURRIS. Yes, I did.

Mr. KENNEDY. Did you get reimbursed for your trip to Florida?

Mr. BURRIS. Of course.

Mr. KENNEDY. From whom?

Mr. BURRIS. Mr. Dranow.

Mr. KENNEDY. When was that?

Mr. BURRIS. Out of the \$750. That is on account.

Mr. KENNEDY. What do you mean "on account"? He has paid you?

Mr. BURRIS. That is right.

Mr. KENNEDY. He has paid you?

Mr. BURRIS. That is right.

Mr. KENNEDY. When did he pay you?

Mr. BURRIS. Recently.

Mr. KENNEDY. When?

Mr. BURRIS. With the last week I got a check out of him.

Mr. KENNEDY. Isn't it correct that if it hadn't been for this investigation you wouldn't have gotten paid, and the way you did get paid for your father and you acting as fronts was that you received a \$1,400,000 loan from the pension and welfare fund, your father did, and a \$735,000 loan? Isn't this just another example of Mr. Hoffa and the Teamsters doing favors for those who are friendly with Mr. Hoffa?

Mr. BURRIS. You are permeating inferences—your innuendoes—

Mr. KENNEDY. It is not innuendoes. That is a statement.

Mr. BURRIS. It isn't true. I sent him a bill in February or March for \$699 and change, setting forth the various work I had done for him. He sent me a check for \$750 on account. You can say anything you want to, but I feel that I am being reimbursed, that I have moneys coming on various things that I have done for him, and you have no right to make these innuendoes and allegations.

Mr. KENNEDY. They are not innuendoes.

Mr. BURRIS. And I will stake my professional reputation against anybody, my service to my company, et cetera.

Senator CURTIS. Mr. Chairman—

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Burriss, had this transaction become fully executed—

Mr. BURRIS. This had not—

Senator CURTIS. I say if it had, Mr. Dranow would have to pay indebtedness running over \$1 million; is that correct?

Mr. BURRIS. I presume so, but it is speculation. It is speculation. I don't know what the amounts, the total sums owned are as against what there might have been in the bank or what his arrangement might have been. And besides, it wouldn't be he personally; it would be the Akros Corp.

Senator CURTIS. He was principal owner, had the contract become fully executed.

Mr. BURRIS. Well, the corporation would have owed them.

Senator CURTIS. And he owned the corporation, had the contract become fully executed.

Mr. BURRIS. It appears so.

Senator CURTIS. Well, you knew it, didn't you?

Mr. BURRIS. Knew what, sir?

Senator CURTIS. You know of your own knowledge that he would have become the owner.

Mr. BURRIS. If this had gone through?

Senator CURTIS. Yes.

Mr. BURRIS. Yes. I presume so; yes.

Senator CURTIS. Now, in handling this transaction to attempt to raise money for a deal of this magnitude, was there any conversation or any negotiations or any expectations that Teamster money or credit or bank deposits or Teamster assets of any kind would come into the picture in order to make the financial venture a success?

Mr. BURRIS. Absolutely not. There was never any talk of anything like that.

Senator CURTIS. Did anything like that happen?

Mr. BURRIS. I don't know.

Senator CURTIS. Is there any relation between the use of Teamster funds, assets, credits, bank deposits, or any other thing belonging to the Teamsters having any part in this transaction?

Mr. BURRIS. Not to my knowledge. All I know is that Mr. Dranow pulled out of this almost very soon after the date of this agreement. How many weeks afterwards, I don't know.

Senator CURTIS. Teamster funds have been used to make loans to your father?

Mr. BURRIS. Not to my father directly. On real estate corporations.

Senator CURTIS. That he is the principal owner of?

Mr. BURRIS. He is one of the principal owners.

Senator CURTIS. Do you know what the proceeds of those loans were used for?

Mr. BURRIS. Certainly. On the Prudential Building in Buffalo, that was a refinancing of the mortgage. That wasn't money to purchase the building. That is a very fine mortgage and a very good building.

Senator CURTIS. Were all of the proceeds of that loan used to re-finance existing indebtedness?

Mr. BURRIS. That is right. Plus repayment to stockholders of advances that were used in the alteration of the building. That was the purpose; to get the additional capital above the present mortgage. There was almost a half million dollars in cash put into that building by the stockholders to rehabilitate an old building into a first-class, modern building.

Senator CURTIS. What was the other loan for?

Mr. BURRIS. The other loan is on new construction, where moneys must be put in, into the bank, by a group to be organized, to build a garden apartment development. In other words, if you get a permit commitment on a real estate construction, before the owners can turn a blade of grass they have to have money available to assure the lender that the building will be completed.

Senator CURTIS. If that venture succeeds or had succeeded, who was the real owner that would gain by that? That is, the building project?

Mr. BURRIS. The new building project?

Senator CURTIS. Yes.

Mr. BURRIS. There are a number of owners.

Senator CURTIS. Who is the principal owner?

Mr. BURRIS. My father, Mr. Rubin on the coast, a number of people who will put in money.

Senator CURTIS. Is Mr. Dranow connected with it?

Mr. BURRIS. You will have to ask my father. If he wants to put in some money, I am sure he will be connected with it.

Senator CURTIS. How was Mr. Dranow—

Mr. BURRIS. This is to my knowledge. I have no exact knowledge.

Senator CURTIS. How did Mr. Dranow expect to handle a transaction of this magnitude?

Mr. BURRIS. You will have to ask Mr. Dranow. I have no idea of how Mr. Dranow uses his funds.

Senator CURTIS. It is your statement that assets or bank deposits of the Teamsters never came into the picture at all?

Mr. BURRIS. On the airplane deal?

Senator CURTIS. Yes.

Mr. BURRIS. Not to my knowledge.

Senator CURTIS. That is all.

Mr. KENNEDY. Mr. Chairman, so that we get the record complete as to this agreement dated February 14, 1959, it states:

DEAR MR. NAIMAN: This letter, upon your signing below as accepting it, shall constitute an agreement between us as follows:

and then it goes on to state that:

Alvin A. Naiman hereby sells all of the outstanding capital stock of the Akros Dynamics Corp. to Herbert R. Burris as nominee, and agrees to deliver said certificates of stock,

and it goes on, together with the resignations, the corporate outfit, and bank records,

that all certificates of stock shall be delivered free and clear of any loans, encumbrances, and claims whatsoever.

So it was more than just an option purchase in that period of time, was it not, Mr. Burris?

Mr. BURRIS. You can interpret the agreement as well as I can.

Mr. KENNEDY. Wouldn't you agree on that, then, that it was more than just an option?

Mr. BURRIS. It was meant to be more than just an option. But at the same time, it meant to give him control so that he could do anything he wanted at that point to facilitate the proposition. But as far as I know, it was never completed.

Mr. KENNEDY. It says it is completed upon signing, and it is witnessed—again, it is witnessed at that time by Mr. Louis Triscaro.

Mr. BURRIS. This agreement was drawn up in 1 hour. It is not a work of art.

Mr. KENNEDY. This is the document, and maybe your defense would be that you didn't draw it properly, but this is the document and it speaks for itself.

Mr. BURRIS. I know it is the document, but the facts speak even stronger than the document.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

All right. Thank you.

Call the next witness.

Mr. KENNEDY. Mr. Naiman.

Mr. Alder, maybe you could explain to the committee before Mr. Naiman testifies, as far as Mr. Benjamin Dranow—where he is. Mr. Burris suggested we might get some of these answers from him.

The CHAIRMAN. Mr. Alder, do you represent Mr. Dranow?

Mr. ALLDER. Yes, Senator, I represented him when he appeared here before the committee last fall, as I recall it, or last November.

The CHAIRMAN. Was he placed under continuing subpoena?

Mr. ALLDER. Continuing subpoena, subject to reasonable notice through me as his attorney. I received notice, I would say, at least 2 weeks ago, approximately that time, from Mr. Kennedy. The same day that I received notice I was able to contact Mr. Dranow and told him he was due here yesterday, June 29, 1959, at 10 a.m.

Yesterday morning I received a telegram from Miami Beach, Fla., from Benjamin Dranow.

Unable to appear in Washington due to what doctor describes as coronary insufficiency. Doctor's certificate will follow with details.

BENJAMIN DRANOW.

Then at Mr. Kennedy's request, I learned that he was in the St. Francis Hospital, Miami Beach, Fla., room 310. I have not yet received the certificate from the doctor. When I do, I certainly will immediately bring it to the committee.

Mr. KENNEDY. Do you know when he went to the hospital?

Mr. ALLDER. No, sir; I do not. My first knowledge was yesterday morning when I received this telegram, which was sent, I think, at 9:50 something Sunday evening. I didn't get it until I entered my office yesterday morning. It had been dropped through the mail chute.

Mr. KENNEDY. We checked, and I believe he went to the hospital on Saturday.

The CHAIRMAN. After he received notice to be here?

Mr. KENNEDY. Yes.

Mr. ALLDER. He was not in the hospital when I contacted him originally to tell him to be here.

Mr. KENNEDY. I might say, Mr. Chairman, Mr. Alder has been completely cooperative. But this is the second time this has happened as far as Mr. Dranow is concerned, that he has gone to the hospital after he received notification, and it is the second or third time it has happened as far as Barney Baker is concerned.

The CHAIRMAN. This is no reflection upon Mr. Alder. He is cooperating. He is keeping faith with the committee and also with a client. He can't help what his client does.

Mr. KENNEDY. Absolutely. The first time it happened was before Mr. Alder represented him.

The CHAIRMAN. Thank you very much.

Come forward, Mr. Naiman.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. NAIMAN. I do.

TESTIMONY OF ALVIN NAIMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. NAIMAN. My name is Alvin A. Naiman. My residence is 2900 Fairmont Boulevard, Cleveland Heights, Ohio. My occupation is—I am president of the Alvin Naiman Corp., in Cleveland, Ohio.

The CHAIRMAN. All right. Thank you very much.

You waive counsel?

Mr. NAIMAN. It is not necessary, sir.

The CHAIRMAN. You waive it then?

Mr. NAIMAN. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Naiman, you are here at the request of the committee?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. You are not here under subpoena; is that correct?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. You have had a number of interviews with the staff of the committee?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. You are president and principal stockholder of the Alvin A. Naiman Corp., which is an industrial wrecking and scrap company?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. And the Niagara Crushed Stone, Ltd., a crushed rock and gravel company which operates quarries in Ontario, Canada?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. And which has sales offices and facilities in Cleveland, Ohio?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. You have known Mr. Triscaro for a long period of time; is that right?

Mr. NAIMAN. That is correct, sir.

Mr. KENNEDY. Your initial participation in Akros Dynamics Corp. commenced on March 10, 1958, approximately?

Mr. NAIMAN. That is approximately right, sir.

Mr. KENNEDY. When you entered into a contract with Mr. Benjamin and Mr. Zappone?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. Whereby you were going to purchase these airplanes we have had discussed by Mr. Benjamin?

Mr. NAIMAN. That is right.

Mr. KENNEDY. Subsequently, you got control of the airplanes as was revealed by Mr. Benjamin?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. Then you went to the Florida bank to make a loan?

Mr. NAIMAN. That is right.

Mr. KENNEDY. And Mr. Benjamin has given us the correct facts in connection with that loan?

Mr. NAIMAN. Right, sir.

Mr. KENNEDY. How did Mr. Dominick Bartone and Mr. Jack LaRue first come into this operation?

Mr. NAIMAN. Well, they stopped—I don't remember the exact day—they stopped in the office and said that they had an opportunity to sell two of our planes. He went into a discussion on the subject. The fact remains that we went into an option agreement with the International Trading Corp., of which Mr. Bartone and Mr. LaRue were officers.

Mr. KENNEDY. Did you know who Mr. LaRue was at the time?

Mr. NAIMAN. No, sir; I did not.

Mr. KENNEDY. How many times did you see him?

Mr. NAIMAN. About two times, sir.

Mr. KENNEDY. Do you know where he came from? We have not been able to find him.

Mr. NAIMAN. No; I don't.

Mr. KENNEDY. Do you know anything about him at all?

Mr. NAIMAN. No; I don't.

Mr. KENNEDY. Do you know if that is his real name? LaRue?

Mr. NAIMAN. To the best of my knowledge.

Mr. KENNEDY. Bartone and LaRue were going to try to sell a couple of these planes; is that right?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. Did you have some conversations—you gave them the option on January 21, 1959. Did you have some conversations subsequently with them and with Mr. Triscaro in connection with how to operate this company?

Mr. NAIMAN. There was some conversation held with Mr. Bartone, whereby he said that he would much prefer having one representative of Akros Dynamics Corp. do all the necessary negotiations rather than be involved with the whole group.

Mr. KENNEDY. He suggested that just one person take over the company and then you wouldn't have to deal with a lot of different people?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. You came to that conclusion and executed that document to that effect on February 11, when you obtained resignations from all officers and directors. That was the same day that you met with Mr. Burris and Mr. Triscaro in Mr. Triscaro's office in Cleveland. Therefore, did Mr. Triscaro participate in these discussions as to how you were going to handle the company?

Mr. NAIMAN. Absolutely at no time, sir.

Mr. KENNEDY. Didn't you inform Mr. Triscaro at that time that there was some need for money?

Mr. NAIMAN. It wasn't only at that time, sir. It was——

Mr. KENNEDY. Then he did participate in some discussions about the operations of the company?

Mr. NAIMAN. No; the only participation that Mr. Triscaro would have in this particular deal was the various times that I spoke to him and told him about our need for additional financing.

Mr. KENNEDY. And he was to see what he could do in connection with that, was he not?

Mr. NAIMAN. He told me that he would try and see if he could be of some assistance to me, sir.

Mr. KENNEDY. All right. Then you had a meeting in Mr. Triscaro's office, did you not, in Cleveland?

Mr. NAIMAN. Yes, I was called there, when I met Mr. Burris there.

Mr. KENNEDY. How did you happen to be called there? Who called you to come there?

Mr. NAIMAN. Mr. Triscaro called me at the office.

Mr. KENNEDY. What did he say to you at that time?

Mr. NAIMAN. He said, "There is a possibility that we may be able to have someone that would be interested enough in your deal, if it merits it, to go ahead and see if they could possibly finance it" for us.

Mr. KENNEDY. You then met with Mr. Burris?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. And you told him about your company?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. Then what did you do?

Mr. NAIMAN. He suggested that we go to New York and let his father analyze the situation and to discuss what merits there were involved.

Mr. KENNEDY. So did you take the trip?

Mr. NAIMAN. We flew to New York that night.

Mr. KENNEDY. Did you meet with his father then?

Mr. NAIMAN. We met with Mr. Burris, Senior; yes, sir.

Mr. KENNEDY. Did he review the outline of what you had?

Mr. NAIMAN. Yes; he did, sir.

Mr. KENNEDY. And Mr. Triscaro went with you?

Mr. NAIMAN. Yes; he did, sir.

Mr. KENNEDY. Where did you meet?

Mr. NAIMAN. At Mr. Burris' office. I wouldn't know the address.

Mr. KENNEDY. Mr. Burris, Senior's, office?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. Was he enthusiastic about the deal, or interested?

Mr. NAIMAN. He said he was interested; yes, sir.

Mr. KENNEDY. Was it decided then that you would all fly to Florida?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. Why did you decide to fly to Florida?

Mr. NAIMAN. He said there was a man down there that I would have to meet and discuss the situation with.

Mr. KENNEDY. In order to obtain some funds for the operation?

Mr. NAIMAN. That is correct, sir.

Mr. KENNEDY. This is the man that obtained the funds for you?

Mr. NAIMAN. He never did obtain funds.

Mr. KENNEDY. No; but is that what was stated to you?

Mr. NAIMAN. That is what I was told.

Mr. KENNEDY. So the reason that you flew to New York was in order to meet with Mr. Burris, Senior; is that right?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. It wasn't because you could not get to Miami by any way other than New York City?

Mr. NAIMAN. That is correct, sir.

The CHAIRMAN. That was a specific understanding. There is no doubt about it in anybody's mind that you went to New York primarily to confer with the senior Burris; is that right?

Mr. NAIMAN. That is my understanding.

The CHAIRMAN. That is why you went.

Mr. KENNEDY. Mr. Triscaro was with you on the trip to New York and was with you in all of these conversations with Mr. Burris?

Mr. NAIMAN. Yes, he was.

Mr. KENNEDY. And then you all got on the plane and flew to Miami, Fla., together?

Mr. NAIMAN. That is right.

Mr. KENNEDY. Did you stay overnight together in New York?

Mr. NAIMAN. What hours there were left in the night.

Mr. KENNEDY. You stayed at the Grosvenor House, did you not?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. You and Mr. Triscaro?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And the following day you flew down to Miami, from New York?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. Who did you meet with in Miami?

Mr. NAIMAN. That is when I was introduced to Mr. Benjamin Dranow by Mr. Burris.

Mr. KENNEDY. How was Mr. Dranow identified at that time?

Mr. NAIMAN. Mr. Dranow was introduced to me as a banker.

Mr. KENNEDY. And did you have some conversations and discussions with him then?

Mr. NAIMAN. Yes, we did, sir.

The CHAIRMAN. Did he ever identify the bank he was associated with?

Mr. NAIMAN. Sir?

The CHAIRMAN. Did he ever identify the bank he was associated with?

Mr. NAIMAN. No, he has not, sir.

The CHAIRMAN. You haven't found out yet which bank he represents?

Mr. NAIMAN. No, sir, I have not.

Mr. KENNEDY. Dranow reviewed the situation with you down in Florida?

Mr. NAIMAN. Yes, he did.

Mr. KENNEDY. Did he say—what was his reaction to it?

Mr. NAIMAN. Well, he looked very favorably upon the deal.

Mr. KENNEDY. And he thought he could take care of everything; is that right?

Mr. NAIMAN. So he did, sir.

Mr. KENNEDY. The day you arrived in Florida was the 12th of February, I believe. What hotel did you go to there? the Montmartre Hotel?

Mr. NAIMAN. The Montmartre, I believe, yes, sir.

Mr. KENNEDY. And you and Mr. Triscaro stayed together in the same room; is that correct?

Mr. NAIMAN. Yes, sir. That is to the best of my knowledge.

Mr. KENNEDY. We will put all of those records in.

On the 13th of February, at Mr. Dranow's suggestion, did you fly over to Cuba?

Mr. NAIMAN. Yes. I believe that is the way it was.

Mr. KENNEDY. Why did he want you to fly to Cuba?

Mr. NAIMAN. Well, to find out if we had a pertinent deal working with Cuba.

Mr. KENNEDY. Who was over in Cuba at that time?

The CHAIRMAN. If you had what? To find out what? What did you go over there for?

Mr. NAIMAN. If there was a pertinent deal.

Mr. KENNEDY. A good deal.

Mr. NAIMAN. A good deal, I should say.

The CHAIRMAN. If there was a good deal; is that what you mean?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. Who was your representative in Cuba at that time?

Mr. NAIMAN. This Mr. Bardone, sir.

Mr. KENNEDY. He was over there, trying to work on this thing for you?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. Did you understand he had some contacts with an individual or a number of individuals in Mr. Castro's government?

Mr. NAIMAN. I did not know who they were. I never——

Mr. KENNEDY. Did you understand he had some contacts over there?

Mr. NAIMAN. That was my understanding sir.

Mr. KENNEDY. We will get into that.

Then you came back and did you report to Mr. Dranow that it looked like it was going to be a good deal over there?

Mr. NAIMAN. That is the report I brought back.

Mr. KENNEDY. Then was there an agreement drawn up?

Mr. NAIMAN. Yes, there was.

Mr. KENNEDY. Who drew up the agreement?

Mr. NAIMAN. Mr. Burris, Jr.

Mr. KENNEDY. And in that agreement, you turned over the company to Mr. Dranow?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. You turned it over to Mr. Dranow through Mr. Burris. Why didn't Mr. Dranow take it himself, personally? Why was it done through Mr. Burris?

Mr. NAIMAN. I can't answer that. Mr. Burris was the consignee, I believe you would call him.

Mr. KENNEDY. In return for the sale you were to receive 15 percent of any profits that the company obtained; is that right?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. And upon signing of the agreement——

Mr. NAIMAN. May I interject something there, please?

I was not to receive the 15 percent by myself. The rest of the stockholders were to participate in that with me.

Mr. KENNEDY. Fine. Upon the signing of the agreement, did you turn over to Dranow the corporate kit and the other Akros Dynamics documents?

Mr. NAIMAN. Yes, sir, everything.

Mr. KENNEDY. So at that moment, Mr. Dranow owned the company lock, stock, and barrel; did he not?

Mr. NAIMAN. To my knowledge, yes.

Mr. KENNEDY. Well, nobody would know better than you.

Mr. NAIMAN. That is true.

Mr. KENNEDY. Thereafter, you returned to Cleveland, you went back to Cleveland?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And from then on you dealt either through Dranow or you dealt through Dranow's agent, who was Abe Weinblatt of Miami Beach?

Mr. NAIMAN. Thereafter, all my dealings were with Mr. Abe Weinblatt.

Mr. KENNEDY. You were notified by Mr. Dranow that you should deal through Abe Weinblatt?

Mr. NAIMAN. That is correct.

Mr. KENNEDY. Mr. Weinblatt's name came into the testimony yesterday, Mr. Chairman, in connection with union land.

On March 18, 1959, you returned to Miami, Fla., or thereabouts?

Mr. NAIMAN. Thereabouts, sir.

Mr. KENNEDY. And you went back with Mr. Triscaro?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And you stayed at the Eden Roc Hotel, on March 18, 1959, is that right?

Mr. NAIMAN. If the record shows that, sir.

Mr. KENNEDY. And you both stayed there until March 19, 1959, did you not?

Mr. NAIMAN. Probably you are right, sir.

Mr. KENNEDY. What was the purpose of that trip? Was that still in connection with making further arrangements as far as the planes were concerned?

Mr. NAIMAN. Yes. But Mr. Triscaro had some other work at the time. If I remember correctly, and I am not too sure about the dates—

Mr. KENNEDY. What was the other work?

Mr. NAIMAN. There was a retarded children's program going on in the city of Cleveland and he wanted to get some talent to help promote some money for these retarded children.

Mr. KENNEDY. So what was he doing down in Miami?

Mr. NAIMAN. I believe he was trying to procure the services of Rocky Marciano, if I remember right.

Mr. KENNEDY. So he is making more trips to Miami Beach, Fla., to get Rocky Marciano, isn't he? Mr. Burris said that is why he was there in February.

Mr. NAIMAN. I am not sure of the dates. But at one time he would be there for that purpose.

Mr. KENNEDY. Actually, didn't he go to Cuba with you?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. Didn't you go to Cuba in connection with the planes?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And didn't Mr. Triscaro go to Cuba with you?

Mr. NAIMAN. Only because I asked him, sir.

Mr. KENNEDY. I am sure of that. But he went to Cuba with you in connection with the planes, did he not?

Mr. NAIMAN. Yes, sir, he did.

Mr. KENNEDY. And he went to Cuba on March 19. He registered at the hotel, both of you, on March 18, 1959, and both left on March 19, 1959, and went to Cuba and stayed there until March 22, and you both returned then from Cuba on March 22, 1959.

Mr. NAIMAN. If that is what the record shows, sir.

Mr. KENNEDY. Was he still working on Rocky Marciano, in Cuba?

Mr. NAIMAN. I am not too correct on my date, sir, but I think that is what it was.

Mr. KENNEDY. When Mr. Triscaro registered at the Eden Roc Hotel, he said to charge his bill to the Akros Dynamics Corp., 1810 Terminal Tower, Cleveland, Ohio; is that right?

Mr. NAIMAN. Right, sir. Any work or any help that he has given me in my behalf or in behalf of Akros Dynamics, I wanted to be sure that he was reimbursed for it.

Mr. KENNEDY. Isn't it a fact that he went down there to help you with the airplanes?

Mr. NAIMAN. Down to Miami?

Mr. KENNEDY. Yes.

Mr. NAIMAN. Not wholly, sir.

Mr. KENNEDY. What other reason was there, in fact?

Mr. NAIMAN. Well, he has his other work, too.

Mr. KENNEDY. He got there on March 18, he left immediately for Cuba, and he came back on March 22, with you. The reason that he went to Florida was at your request and suggestion, was it not?

Mr. NAIMAN. Yes, I did ask him to go with me.

Mr. KENNEDY. And that was in connection with the operation of this company, was it not?

Mr. NAIMAN. If that is what the record shows, sir. I just don't remember, really don't.

Mr. KENNEDY. The reason he went to Florida was at your request and suggestion, and it was in connection with the operation of this company, isn't that right, Mr. Naiman?

Mr. NAIMAN. Partially, yes.

Mr. KENNEDY. Do you know any other reason?

Mr. NAIMAN. If you have the complete record, why not check the date when they had that retarded children's program?

Mr. KENNEDY. The record shows that you registered at the hotel together, that the bill was to be sent to the Akros Dynamics, or Mr. Triscaro stated on his record that it was to go to Akros Dynamics, March 18, and on March 18 you both left for Cuba and on March 22 you both returned from Cuba.

Mr. NAIMAN. Then that would be right, sir.

Mr. KENNEDY. Did you know that the local union actually paid this bill for both you and Mr. Triscaro?

Local 436 of the Teamsters paid the hotel bills for Mr. Triscaro and your trip to Miami, Fla.

Mr. NAIMAN. If that is so, sir, he has been reimbursed, because I have never at any time asked him to foot any expenses involving my behalf.

Mr. KENNEDY. When was he reimbursed?

Mr. NAIMAN. Maybe the last week or two, something like that.

Mr. KENNEDY. Wasn't it after I saw you last Saturday in New York? Hasn't it been just during the last week?

Mr. NAIMAN. Possibly.

Mr. KENNEDY. Isn't it correct that it has been in the last week?

Mr. NAIMAN. It could be.

Mr. KENNEDY. And isn't it correct that you dated your check as reimbursement to him for this trip and other trips—isn't it correct that you dated the check back on June 1?

Mr. NAIMAN. I wouldn't say that I dated the check June 1. If I did date the check June 1, isn't it a fact also that the records would show when the check was cancelled in the bank, sir?

Mr. KENNEDY. Right. And the check was not cancelled in the bank as of the time we sent an investigator in there——

Mr. NAIMAN. I mean I wouldn't have any reason to put a date as of June 1. Being a businessman, I know the record would show when the check would go through the bank.

Mr. KENNEDY. The record shows the check went through the bank yesterday.

But isn't it correct, Mr. Naiman, that you dated the check June 1, at the request of Mr. Triscaro?

Mr. NAIMAN. No, he never requested that; no, sir.

Mr. KENNEDY. Didn't you have conversations along those lines?

Mr. NAIMAN. Only along the lines to be sure that no expenses incurred by him should be paid by him on my behalf.

Mr. KENNEDY. Isn't it correct that after you met with me in New York, that you had a conversation with him and he suggested or requested that you date the check back to June 1?

Mr. NAIMAN. He never made no statement like that, sir.

Mr. KENNEDY. Why would you take a check that you would write on June 20 or any date thereafter and date it June 1? What would be the reason for it?

Mr. NAIMAN. It could be that maybe I was holding it in my pocket for a while, too.

Mr. KENNEDY. You said you didn't make it out until a week ago.

Mr. NAIMAN. No, I said I gave it to him a week ago.

Mr. KENNEDY. Mr. Naiman, didn't you tell me downstairs just several hours ago that the reason you dated it June 1 was because of the request of Mr. Triscaro?

Mr. NAIMAN. I wouldn't say that.

Mr. KENNEDY. Didn't you state that down in the office?

Mr. NAIMAN. No. You asked me that.

Mr. KENNEDY. And didn't you say "Yes"?

Mr. NAIMAN. No, I didn't, sir.

Mr. KENNEDY. You didn't say "Yes"?

Mr. NAIMAN. No, sir.

Mr. KENNEDY. Mr. Naiman?

Mr. NAIMAN. No, I didn't.

Mr. KENNEDY. What did you say, then?

Mr. NAIMAN. I didn't answer that.

Mr. KENNEDY. Mr. Naiman?

Mr. NAIMAN. I didn't answer.

Mr. KENNEDY. What?

Mr. NAIMAN. I didn't answer that question.

Mr. KENNEDY. You didn't answer it?

Mr. NAIMAN. No, sir.

Mr. KENNEDY. And I let it go?

Mr. NAIMAN. No. You kept insisting that he had asked me to date it June 1. But he never did ask me.

Mr. KENNEDY. Did you deny it?

Mr. NAIMAN. I didn't deny it and I didn't affirm it.

Mr. KENNEDY. Didn't you say, "Yes," Mr. Naiman?

(At this point Senator Curtis withdrew from the hearing room.)

Mr. KENNEDY. Mr. Naiman, didn't you say "Yes"?

Mr. NAIMAN. No, I didn't.

Mr. KENNEDY. Mr. Naiman, didn't you say "Yes" to me when I asked you that?

You are under oath.

Mr. NAIMAN. I can honestly say——

Mr. KENNEDY. You are under oath now, Mr. Naiman. Didn't you say "Yes" to that when I asked you that down in the office less than 2 hours ago?

Mr. NAIMAN. I did say that.

The CHAIRMAN. Now you say you did say "Yes" when he asked you?

Mr. NAIMAN. Yes, sir.

The CHAIRMAN. Do you now say that that is the truth, that you did date the check back at his request?

Mr. NAIMAN. Yes.

The CHAIRMAN. All right. Thank you.

Proceed.

Here are some photostatic copies of checks and bills. I present to you photostatic copies of checks and bills—vouchers—but apparently you might not recognize them.

Do you know if Louis Triscaro has a relative who is an officer, a president, of local No. 436?

Mr. NAIMAN. Did I what, sir? Repeat that, please.

The CHAIRMAN. Who is president, do you know, of local No. 436 of the Teamsters?

Mr. NAIMAN. I believe it is Louis Triscaro.

The CHAIRMAN. Is it Louis or is it some other Triscaro?

Mr. NAIMAN. Of local 436?

The CHAIRMAN. What is Louis Triscaro's real name? Nunzio? Do you know him by that name?

Mr. NAIMAN. No, sir. Louis Triscaro is the name I know him by.

Mr. KENNEDY. Everybody knows him as Louis. His name is N. Louis Triscaro.

The CHAIRMAN. Here is a photostatic copy of a check I have before me in the amount of \$139.75 in payment of the bill that Mr. Louis Triscaro had at the Eden Roc Hotel, Miami Beach, Fla., in the amount of \$139.75, dated May 21, 1959, signed by Nunzio Triscaro.

Do you know whether Nunzio Triscaro and Louis Triscaro are the same people—the same person?

Mr. NAIMAN. They probably are, sir.

The CHAIRMAN. Well, I don't know. We can establish that.

Mr. KENNEDY. Could I call Mr. Constandy. Mr. Chairman, to put these in?

The CHAIRMAN. Mr. Constandy, you have been previously sworn?

Mr. CONSTANDY. Yes.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

The CHAIRMAN. In the course of your work for the committee, have you made an investigation into the subject matter here under inquiry?

Mr. CONSTANDY. Yes, I have.

The CHAIRMAN. Do you have there certain photostatic copies of documents which you procured in the course of your work?

Mr. CONSTANDY. Yes, I have.

The CHAIRMAN. State what they are.

Mr. CONSTANDY. First I have the guest registry card at the Eden Roc Hotel and the folio that corresponds to that card. One of them is in the name of Louis Triscaro, and he gives his address. However, on the folio, which is the bill from the Hotel Eden Roc, the account is charged to the Akros Dynamics Corp. That bill totals \$90.53. That is folio No. 52979.

The second one that I have is the guest card of Mr. Alvin Naiman at the Eden Roc, in folio No. 52980—the next corresponding number. That bill is in the amount of \$49.22.

The CHAIRMAN. What do they total?

Mr. CONSTANDY. \$139.75, the two bills.

The CHAIRMAN. Those two bills may be made exhibit No. 27, A and B.

(Hotel bills referred to were marked "Exhibits 27A and 27B," for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. They are for March 18 to March 19, in both cases.

The CHAIRMAN. All right.

What else do you have?

Mr. KENNEDY. What time on the 18th?

Mr. CONSTANDY. The bills are stamped March 18, 11:07 p.m., and they are both stamped with the same time and date. That would indicate that they came in together.

Mr. KENNEDY. And also they came in at night, 11:07 p.m.

Doesn't the record show that the next day they left for Cuba?

Mr. CONSTANDY. Yes. Other records indicate they left for Cuba.

Mr. KENNEDY. On March 19?

Mr. CONSTANDY. Yes.

Mr. KENNEDY. Do the records also show that they stayed over there and returned on March 22?

Mr. CONSTANDY. That is correct. The next document is a statement of the Eden Roc Hotel, to Louis Triscaro, 2070 East 22d Street, Cleveland, Ohio. This reads balance due as of March 19, 1959, folio 52979, in the amount of \$90.53, which corresponds to both the folio and the registration card of Mr. Triscaro.

The second entry is the balance due as of March 19, 1959, folio 52980, Mr. A. Naiman, \$49.22. Total balance due \$139.75. There also appears the notation "Thank you for your check in the amount of \$2,555.48," which is another matter we will get into later.

The CHAIRMAN. You have another matter later on that one?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. That document may be made exhibit No. 27-C.

(Document referred to was marked "Exhibit No. 27-C" for reference and may be found in the files of the select committee.)

Mr. CONSTANDY. Next is the check drawn on the account of the Excavating, Building Materials, Construction Drivers & Racetrack Employees, Local Union 436, signed by Nunzio Triscaro and the secretary of the local. The check is dated May 21, 1959, and is payable to the Eden Roc Hotel, in the amount of \$139.75.

The corresponding check stub reads "Eden Roc Hotel, per bill, \$139.75." So the local union paid the bill for Mr. Triscaro and Mr. Naiman.

The CHAIRMAN. That check and stub may be made exhibits Nos. 27-D and 27-E.

(Documents referred to were marked "Exhibits Nos. 27-D and 27-E" for reference and may be found in the files of the select committee.)

The CHAIRMAN. So far as you know, do you have anything to indicate that during the course of that trip down there that Mr. Triscaro was attending to any business for the union?

Mr. NAIMAN. I wouldn't have any knowledge of that, sir.

The CHAIRMAN. Nothing came to your attention? You didn't see any activity along that line; did you?

Mr. NAIMAN. Well, I wasn't with him at all times, sir.

The CHAIRMAN. I know there could be moments when you were not together. The whole purpose of your trip was down there on this plane business; isn't that correct?

Mr. NAIMAN. I wouldn't say that, sir.

The CHAIRMAN. What other business did you have?

Mr. NAIMAN. He had other business, too.

The CHAIRMAN. They are paying your bill there, that local is paying your bill.

Mr. NAIMAN. If that was, sir, he was reimbursed for it.

The CHAIRMAN. I know he has been reimbursed now.

Mr. NAIMAN. He would have been reimbursed anyhow, sir, because—

The CHAIRMAN. Why were you having it handled that way? What I am trying to get at is what interest did the local labor organization have in paying your expenses down there in a plane deal? Why should they ever pay it in the first place?

Mr. NAIMAN. They shouldn't pay it, sir, but they were reimbursed for it.

The CHAIRMAN. I know, but I don't understand why they paid it in the first place. Do you?

Mr. NAIMAN. It may be that I wasn't there when he checked out. I don't know. That could happen, too.

The CHAIRMAN. I don't know why they would need to pay your bill.

Mr. NAIMAN. I don't need anybody to pay my bills, sir.

The CHAIRMAN. I didn't say you did. That is the strange thing about it. It was after this investigation got underway that you reimbursed them.

Mr. NAIMAN. Certainly, Senator, I wouldn't for 1 minute think of having anybody pay \$50 or \$100 to pay my expenses. I don't need that.

The CHAIRMAN. That is the mystery about it. Why should a labor organization, a local, want to send a check to the hotel to pay your bill? Can you explain it?

They don't just do those things gratuitously, I don't suppose. There was the man with you signing the checks.

Mr. NAIMAN. Yes, sir, Senator, but it could be with the idea, possibly, that he knows he would get reimbursed.

The CHAIRMAN. Why didn't he just let you pay your bill to begin with?

Mr. NAIMAN. As I told you before, Senator, maybe I wasn't present at the time. Maybe we had to leave right away to catch a plane. I don't know.

Mr. KENNEDY. What was the union paying his bill for?

Mr. NAIMAN. Sir?

Mr. KENNEDY. What was the union paying his bill for?

The CHAIRMAN. I can't see where there is any cost or expense in this trip that should be charged to the union dues-paying members.

Mr. NAIMAN. Only for the purpose that he knew I would reimburse him back again, sir, and that is the truth.

The CHAIRMAN. You said he would be reimbursed. But I am talking about what was the reason—

Mr. NAIMAN. If he did it that way. I don't even know.

The CHAIRMAN. What was the reason for the labor local to pay the expense of this trip down there, when you were down there on a matter of trying to sell airplanes? Can you explain that?

Mr. NAIMAN. If he did, it was only for the purpose that he knew he was getting it right back.

The CHAIRMAN. Didn't he go down there with you?

Mr. NAIMAN. Yes, he did, sir.

The CHAIRMAN. At your request?

Mr. NAIMAN. Yes, sir.

The CHAIRMAN. And went to Cuba at your request?

Mr. NAIMAN. That is right, sir.

The CHAIRMAN. So you were not on business for the local labor organization at that time, were you?

Mr. NAIMAN. He had some other things he was doing, too.

The CHAIRMAN. I am talking about as far as you are concerned and when he was with you.

Mr. NAIMAN. You see, I am not an attorney. I came without an attorney. I don't want to get into debates with you because I would lose.

The CHAIRMAN. I am not an attorney or physician at the moment. I am trying to find out if there is any reason on earth why a local labor organization should out of its dues money pay the expense of a trip down there to sell airplanes.

Mr. NAIMAN. That was only with the idea that if he did do that, he knew he was getting it back.

The CHAIRMAN. Well, he got yours back. I don't know whether the union got his back or not. Do you?

Mr. NAIMAN. Ask your investigators. They sure do.

Mr. KENNEDY. They didn't get it back until we started our investigation, as Mr. Constandy can show.

Mr. NAIMAN. I know, but don't the records show they got their money back?

Senator GOLDWATER. Mr. Counsel, might I call something to counsel's attention, and possibly it would help here. Both of these bills were charged; is that not correct?

Mr. CONSTANDY. That is correct.

Senator GOLDWATER. Cash or check was not offered at the time they checked out?

Mr. CONSTANDY. That is correct.

Senator GOLDWATER. One of these bills was signed by Alvin Naiman, the other was signed by Louis Triscaro, but both of them gave the address of the Akros Dynamics Corp.

Mr. CONSTANDY. That is correct.

Senator GOLDWATER. The hotel statement was signed on March 19, but the bill was paid by check on May 21, from the Excavating, Building Material, Construction, Drivers and Race Track Employees Local Union 436; is that not correct?

Mr. CONSTANDY. That is correct.

Senator GOLDWATER. It is almost 2 months later.

The CHAIRMAN. Two months later and paid by the local.

Senator GOLDWATER. The question I have in mind is why did Mr. Triscaro give your corporation as his address?

Mr. NAIMAN. I didn't get that, sir.

Senator GOLDWATER. Why did Mr. Triscaro in signing his bill at the hotel give your corporation as his address?

Mr. NAIMAN. Because it is probably our bill.

Senator GOLDWATER. No, you have a bill and he has a bill. He signed both of them, by the way. It is his signature that authorizes them to be charged. Your signature of entry into the hotel is on one, and his is not on the other.

Mr. NAIMAN. Did I understand you correctly, sir, to say that he signed both bills?

Senator GOLDWATER. Yes. Louis Triscaro signed both bills.

Mr. NAIMAN. And charged it to Akros?

Senator GOLDWATER. That is right. But the union paid the bill.

Mr. NAIMAN. Then that is a mistake, sir.

Senator GOLDWATER. It is not a mistake. Two months later they paid the bill and the hotel sent——

Mr. KENNEDY. Mr. Constandy can clarify what happened.

Senator GOLDWATER. I wanted to get into the record that Triscaro signed both of these.

Mr. NAIMAN. Then probably I am right, that maybe I wasn't present at the time, that we had to go out and meet a plane. I certainly had no intention of having anybody pay my bills. I don't need anybody to pay my bills.

Senator GOLDWATER. But the bill came to your office, because your office address is on there.

If it came to you, why didn't you pay it? Why did you send it on to Triscaro to have the union pay it?

Mr. NAIMAN. Did I send it on to him?

Senator GOLDWATER. I didn't say you did. He paid it. I don't know how you got it to him.

Mr. CONSTANDY. I think that bill was sent to Mr. Triscaro at his own office address as he changed it when he signed the folio.

Mr. KENNEDY. Explain what happened.

Mr. NAIMAN. There could have been a mistake all around.

Mr. CONSTANDY. When both Mr. Triscaro and Mr. Naiman checked in they gave as their business address the Akros Dynamics Corp., care of Mr. Naiman's office address. However, when they checked out, Mr. Triscaro signed both bills and at that time gave his own address, so that the bill was sent to Mr. Triscaro and was in turn paid by the local union.

Another point on this is that this bill never had been charged to Mr. Naiman. Mr. Naiman has never made any reimbursement of this particular bill. Both yesterday and this morning I went over with Mr. Naiman on the breakdown of the check which he gave to Mr. Triscaro about being a reimbursement and the breakdown as he gave it to me then was that the airplane fare was \$206.

Mr. KENNEDY. What airplane?

Mr. CONSTANDY. I have here the bill.

Mr. KENNEDY. There were a number of bills, in clarification, of Mr. Triscaro and Mr. Naiman where the local paid the bill; is that correct?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. And this was just one of those?

Mr. CONSTANDY. This was one of those.

Mr. KENNEDY. And the records show that Mr. Naiman has still not reimbursed the local union for those bills, for this particular one?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. He has reimbursed them within the last couple of days in connection with some of these others?

Mr. CONSTANDY. Yes. The other one on which he made reimbursement was purely the trip to New York, and New York to Miami and back to Cleveland. That is the only one on which reimbursement was made.

On that reimbursement, the breakdown is \$206 for plane fare, and I have before me the American Airlines transportation receipt on Universal Air Travel ticket for one ticket from Cleveland to La Guardia to Miami and Cleveland, purchased on February 11, 1959, the date that Mr. Herbert Burris, Triscaro, and Mr. Naiman traveled to New York City to confer with Mr. George Burris.

The charge for that flight was \$206.75.

Mr. KENNEDY. Was that just for Mr. Triscaro?

Mr. CONSTANDY. Just for Mr. Triscaro. The bill for that flight was charged to local 436 and payment for that charge and others billed to local 436 was made by check on April 23, drawn on the account of local 436 in the amount of \$589.83; \$206.75 is for the flight that Mr. Triscaro took on behalf of Mr. Naiman.

The CHAIRMAN. When was the union reimbursed by Mr. Naiman for this expense?

Mr. CONSTANDY. If I may, Senator, there are two other parts to the reimbursement and I will cover them first.

The CHAIRMAN. All right.

Mr. CONSTANDY. The second breakdown Mr. Naiman gave me was \$188 for hotel expenses, and that figure corresponds with the charge to Mr. Naiman and Mr. Triscaro at the Montmartre Hotel, in Miami Beach, Fla.

Mr. KENNEDY. What day?

Mr. CONSTANDY. February 12 and 13.

Mr. KENNEDY. So the local union paid for that also?

Mr. CONSTANDY. The local union paid that bill. That bill was in the amount of \$188.37. The folio was charged to Mr. Louis Triscaro for himself, and I might add that the folio for Mr. Triscaro includes the charge of \$2.89 and bears the notation, "Alvin Naiman," and indicates that that charge was incurred at the restaurant, so that Mr. Naiman's restaurant charge for that meal was paid by Mr.

Triscaro, whose own entire bill of \$188.37 was paid by check 3675, of local 436, on March 23. That was in the amount of \$188.37.

The last item on the reimbursement that Mr. Naiman speaks of is for \$248 out-of-pocket expenses.

The CHAIRMAN. \$248 out-of-pocket expenses?

Mr. CONSTANDY. Yes. That would be for cab fares and so forth. Again, the figure corresponds to an expense account that Mr. Triscaro submitted to his local union in the amount of \$248.40. However, the expense account commences on Monday, February 9, and if you would like, I will read the pertinent notations from it.

Mr. KENNEDY. This is of some significance, Mr. Chairman, as we go along, because of the contacts that were had with Mr. Hoffa, as will come in later on, in connection with an attempt to obtain a loan from the International Brotherhood of Teamsters for this company, and the fact that Mr. Triscaro's contacts, as you will see from this expense account, were all charged to the union and then later reimbursed by this gentleman within the last week or so.

The CHAIRMAN. All right.

Mr. CONSTANDY. The expense account, written in hand, I assume, by Triscaro, reads—

Total expense for 6 days, Washington, New York, Miami, Washington, commencing Monday night, February 9, 1959, cab to airport, supper for four and back, \$22.45.

The plane flight was canceled and the next entry is Tuesday, February 10, a charge for airport breakfast, \$6.10, cab to the International Brotherhood of Teamsters Building, Washington, D.C., \$4. Cab to airport and supper, \$11.10. This is the date preceding the meeting in Cleveland between Mr. Herbert Burris, Mr. Naiman and Mr. Triscaro.

This indicates that Mr. Triscaro traveled from Cleveland to Washington to the IBT Building and back to Cleveland the day preceding the meeting in Cleveland.

Mr. KENNEDY. On behalf of Akros Dynamics?

Mr. CONSTANDY. Well, the bill includes this; yes.

Mr. KENNEDY. Subsequently, when he was trying to get reimbursed, when Mr. Triscaro was attempting to get reimbursed from Mr. Naiman, he included the charge that he made on February 9, to Washington, D.C., to a visit to the International Brotherhood of Teamsters, a taxicab back to the airport and back to Cleveland, on February 10, which was the day that preceded the meeting in Cleveland between Mr. Naiman, Mr. Burris and Mr. Triscaro.

Mr. CONSTANDY. That is correct. The rest of this expense voucher runs through the 11th, 12th, 13th, and 14th, and includes the out-of-pocket expense in connection with that trip to New York and then Miami and back to Cleveland.

The CHAIRMAN. How much does it total?

Mr. CONSTANDY. \$248, the same figure Mr. Naiman gives me as his out-of-pocket expenses for which he reimbursed Triscaro. The last entry on this voucher is again interesting, in that the day they rushed from Miami, following the signing of the agreement in Miami, the following day, February 16, Mr. Triscaro again traveled from Cleveland to Washington, and his expenses of \$17.40 were included among the \$248 for which he was reimbursed.

Mr. KENNEDY. So once again the trip to Washington, D.C., the following day was reimbursed by Akros Dynamics?

Mr. CONSTANDY. Yes. Mr. Triscaro had drawn a check of \$248.40 on February 17, 1959, drawn against the local union account, for his out-of-pocket expenses in connection with this trip, and the stub notation shows—

Expense to Washington and New York and Miami, Fla., \$248.40.

The CHAIRMAN. Let these documents be made a part of an exhibit. What have you testified to?

Mr. CONSTANDY. I have testified to the airline transportation ticket and the check in support of the payment.

The CHAIRMAN. Let those documents be made exhibit No. 28.

(Documents referred to were marked "Exhibit No. 28" and may be found in the files of the select committee.)

The CHAIRMAN. That includes the last expense account, exhibit No. 28. That was for \$248.40.

Mr. CONSTANDY. From his best recollection yesterday and today, he gave a total figure of \$642 having been repaid to Triscaro by him. We have procured from the local union, Mr. Triscaro's local union in Cleveland, a photostatic copy of the check to Mr. Louis Triscaro, dated June 1, 1959, bearing the number 3848 and in the amount of \$643.52, signed Alvin Naiman, and endorsed "Reimbursement to Louis Triscaro, airplane trip to New York City and Miami, hotel and pocket expenses," and the endorsement is then Louis Triscaro, with the stamp of the local union.

The CHAIRMAN. According to your statement, to your examination of the record, the check for \$643.52, dated June 1, was reimbursement to Triscaro but does not include these last items we have been talking about down in Miami?

Mr. CONSTANDY. No, it does include those items, but it doesn't include the hotel bill about which we were discussing before I started, the one at the Eden Roc.

Mr. KENNEDY. It includes the February trip, Mr. Chairman, but it does not include the March trip. That is the point. It includes the \$600 for the February trip, but not the March one.

The CHAIRMAN. It does not include Mr. Naiman's bill that was covered by \$139.75 check?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. It does not include that?

Mr. CONSTANDY. That is correct.

The CHAIRMAN. So Mr. Naiman still owes the local. In order to get the account straight, he is still due to reimburse the local for this last hotel bill in Miami?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. And one of the most significant parts, of course, is the fact that the check, although dated June 1, actually it can be shown—

Mr. CONSTANDY. Yesterday this check was in the pocket of an employee of the local union, and had not been cashed at the bank, had not been deposited in the bank. So it bears no bank marks. There was another document. The ledger card of the local union, which is the second card, carries entries from October 23, 1958, miscellaneous cash receipts for the local union, and runs through to the last entry, which is dated June 27, 1959.

The last entry is the one about which we are concerned. Under remarks explaining it, it reads, "Reimbursement for plane trip and hotel, Alvin Naiman, check 3848, June," the date is illegible, "expense," and the date it was paid is June 27. It is the last entry on the ledger card and would indicate that it was the last received, the one prior to it being June 25.

Mr. KENNEDY. So this conforms with the testimony of the witness that he dated it back to June 1 so that it would appear that they had reimbursed the local, and Mr. Triscaro had not taken this money improperly from the union, that the union had been reimbursed prior to the time of our investigation, which would have been, as far as Mr. Naiman is concerned, June 1. That is the reason that the check was dated June 1, to try to precede that.

Actually, although dated June 1, it was not turned over to the union and Mr. Triscaro until last week, as Mr. Naiman has stated.

The CHAIRMAN. Is there anything further?

That last document you testified to, the last two documents, may be made a part of exhibit No. 28.

Mr. KENNEDY. Mr. Constandy, isn't it correct that the first time you interviewed Mr. Naiman was June 2?

Mr. CONSTANDY. That is correct.

Mr. KENNEDY. That is why they selected the date of June 1.

The CHAIRMAN. Do you want to make any comment, Mr. Naiman?

Mr. NAIMAN. Just one comment, Senator, and I want this on record. I don't want the union to pay one red cent for me involving my deal.

The CHAIRMAN. Do you think now you still owe them something?

Mr. NAIMAN. If I do, they shall get it.

The CHAIRMAN. I don't doubt it.

Mr. NAIMAN. I want that on the record.

The CHAIRMAN. On the basis of the record now, do you think you probably still owe them some money?

Mr. NAIMAN. If it will show that. I still don't know.

The CHAIRMAN. You heard it. Do you think it shows it?

Mr. NAIMAN. If it shows it, they shall get paid.

The CHAIRMAN. All right.

The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators McClellan and Goldwater.)

(Whereupon, at 12:35 p.m. the select committee recessed. to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The select committee reconvened at 2 p.m., Senator John L. McClellan (chairman of the select committee) presiding.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Naiman.

The CHAIRMAN. Let the record show Mr. Naiman is recalled.

TESTIMONY OF ALVIN NAIMAN—Resumed

MR. KENNEDY. Mr. Naiman, after the agreement was signed with Mr. Burris, you turned over the documents to Mr. Dranow; is that correct? That is what we went through this morning.

MR. NAIMAN. Yes.

MR. KENNEDY. And subsequently you received the option of William Steiner, and you turned that over to Mr. Dranow also?

MR. NAIMAN. That is correct, sir.

MR. KENNEDY. That is of some importance, Mr. Chairman, from a later witness.

Did Mr. Dranow then proceed to support the company? Did he invest some money in the company? Did he pay some of the bills?

MR. NAIMAN. That is right, sir.

MR. KENNEDY. In fact, you made arrangements to fly one of the planes from Arizona to Cuba, did you not?

MR. NAIMAN. That is right, sir.

MR. KENNEDY. And that was paid for by Mr. Dranow, was it not?

MR. NAIMAN. That is correct.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

MR. KENNEDY. What does it show as expenditures by Dranow on behalf of this company?

MR. CONSTANDY. \$27,387.24, known by us, and arrived at in this way: The largest amount was \$10,637 which was paid to the Hamilton Aircraft Co. in order to send the plane to Cuba. That included the cost of the gas, oil, radio equipment, and payment for the crew. The insurance for the same flight was \$4,750. That was the insurance coverage for that flight to Cuba from Tucson, Ariz.

In addition to that, Mr. Dranow paid to Akros Dynamics \$3,500, \$500 to Mr. Alvin Naiman, \$1,800 to Dominick Bartone, and \$2,800 to the Southern Pacific Railway Co., and \$1,000 to the Central Truck Lines, the latter two items coming about as a result of moving the parts from Alabama to California.

MR. KENNEDY. Alabama?

MR. CONSTANDY. Yes. The parts were stored in Mobile, Ala. The only other item that Mr. Burris testified to this morning was received by him from Mr. Dranow was \$750 as reimbursement on his travel expenses in connection with Cleveland to Miami.

MR. KENNEDY. Mr. Naiman, you went to Cuba on four different occasions; is that right?

MR. NAIMAN. To the best of my knowledge.

MR. KENNEDY. Three of those were February 18 to February 21, March 19 to March 22, March 30 to April 4. Mr. Triscaro went with you on three of those four occasions, did he not?

MR. NAIMAN. To the best of my recollection, yes.

MR. KENNEDY. He went on the February 18 to February 21, March 19 to March 22, and March 30 to April 4. And Mr. Bartone went with you one each of the occasions that you went; is that right?

MR. NAIMAN. I think we met him there once.

MR. KENNEDY. But he was there; he was in Cuba?

MR. NAIMAN. Yes, sir.

Mr. KENNEDY. And Mr. Dranow was in Cuba from February 18 to February 21, and on the second trip from March 19 to March 22.

So you went four times, Mr. Triscaro went with you on three of those occasions; Mr. Dranow went with you on two of those occasions, Mr. Bartone made a total of some six trips and on four of those occasions covered your trips to Cuba; you met him or went with him to Cuba.

Mr. NAIMAN. That is right.

Mr. KENNEDY. This was all in connection with trying to sell the planes to Cuba?

Mr. NAIMAN. That is right.

Mr. KENNEDY. At the time the plane came to Cuba, Mr. Bartone had been trying to make these arrangements about selling the plane to the Cuban Government. The plane arrived in Cuba on what day?

The plane arrived in Cuba on March 21. Then you went over on March 19 and were there through March 22; is that right?

Mr. NAIMAN. That is probably right, sir, if the record shows it.

Mr. KENNEDY. That was at the time Mr. Triscaro and Mr. Dranow were with you?

Mr. NAIMAN. You are probably right, sir.

Mr. KENNEDY. With whom did you talk while you were in Cuba about selling the plane?

Mr. NAIMAN. The one I spoke to was Mr. Bartone.

Mr. KENNEDY. With whom was he in contact?

Mr. NAIMAN. That I can't answer.

Mr. KENNEDY. While you were in Cuba on the March 29 trip, you were still attempting to sell the plane, and the plane was in Cuba. Did Mr. Triscaro speak to you about Mr. Dranow and what he wanted to do about the company, whether he wanted to withdraw from the company?

Mr. NAIMAN. He mentioned that he was no longer interested in the deal.

Mr. KENNEDY. Did Mr. Triscaro tell you that?

Mr. NAIMAN. Yes.

Mr. KENNEDY. He told you that Mr. Dranow was no longer interested?

Mr. NAIMAN. To the best of my recollection, yes.

Mr. KENNEDY. And what arrangements were made at this time?

Mr. NAIMAN. Where Mr. Dranow was to turn back all the stock, records, and whatever was involved.

Mr. KENNEDY. At this juncture, there was a reasonably good chance of selling the plane to the Cuban Government, was there not?

Mr. NAIMAN. It seemed that way.

Mr. KENNEDY. I mean, you were optimistic about them buying the plane?

Mr. NAIMAN. I was, sir.

Mr. KENNEDY. What would be the reason that while these negotiations were taking place, and it looked like there was a good chance of selling it, what was the reason that Mr. Dranow sent word that he was going to withdraw?

Mr. NAIMAN. Mr. Kennedy, that is one question I can't answer. I don't know.

Mr. KENNEDY. Were the papers returned to you when you returned to Miami?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. Well, did——

Mr. NAIMAN. Some of them were. The others were mailed.

Mr. KENNEDY. Do you know what arrangements Mr. Dranow then had with Mr. Bartone?

Mr. NAIMAN. None that I know of. To my knowledge, he severed himself with the deal.

Mr. KENNEDY. Do you know of, in fact, he had any arrangements with Mr. Bartone during this period or subsequently?

Mr. NAIMAN. I cannot answer that. To my knowledge, no.

Mr. KENNEDY. Now, on this trip that you went over to Cuba the end of March, did you have a representative of a bank who was accompanying you?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. That was a Mr. M. K. Lewis, Jr.?

Mr. NAIMAN. That is correct, sir.

Mr. KENNEDY. We have a copy of his report, Mr. Chairman, in connection with that trip.

The CHAIRMAN. Mr. Lewis?

Mr. KENNEDY. Yes.

TESTIMONY OF WALTER R. MAY—Resumed

The CHAIRMAN. Where did you obtain it?

Mr. MAY. From Mr. Lewis' files in the Pan American Bank in Miami.

The CHAIRMAN. Was this procured under subpoena?

Mr. MAY. Yes, sir.

The CHAIRMAN. Identify it and I will make it an exhibit.

Mr. MAY. This is a report from Mr. Lewis to the credit files of the bank.

The CHAIRMAN. That may be made exhibit No. 29.

(Report referred to was marked "Exhibit No. 29" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. May, this report covers the trip to Cuba in connection with Akros Dynamics?

Mr. MAY. Yes, it does.

Mr. KENNEDY. The representative of the bank went because of the fact that this company was deeply in debt to the bank?

Mr. MAY. Yes, sir.

Mr. KENNEDY. They wanted to oversee the negotiations for the sale of the airplane themselves; is that right?

Mr. MAY. That is correct.

Mr. KENNEDY. Does Mr. Lewis make note of the fact that Mr. Triscaro was one of those who accompanied the group?

Mr. MAY. Yes, he does.

Mr. KENNEDY. Would you read to the committee that part of his report that deals with Mr. Triscaro?

Mr. MAY. This is the report from M. K. Lewis, Jr., vice president of the bank. In this report, he states:

On Monday, March 30, in company with Alvin Naiman of Akros Dynamics Corp., and Louis Triscaro, who represents a group of investors who are backing Naiman, I went to Havana to lend some assistance in the negotiations of the

C-74's. Upon arrival we were met by Dominick Bartone and proceeded to the Air Force Base where I had occasion to examine the C-74 that had been flown there.

The plane is in excellent condition and is guarded by troops of the Cuban Government.

Mr. KENNEDY. There is one other part.

Mr. MAY. Another part indicates the feeling that Mr. Lewis had regarding the negotiations in progress. He says:

It appears that it is a bona fide transaction in process for the sale of from 4 to 10 of the C-74's to the Cuban Government, subject only to the signing of an actual purchase order and to the working out of the details as to the final payment.

Mr. KENNEDY. So if this, in fact, went through, Mr. Dranow would have made huge profits from the company, would he not, if you had been able to sell the planes to the Cuban Government as had been expected?

Mr. NAIMAN. I should say so; yes.

Mr. KENNEDY. Isn't it a fact that in view of the fact that the sale was about to be made, that Mr. Dranow's interest was then going to come through Mr. Bartone and Mr. Triscaro? That rather than to have the ownership of the company himself that this was now to be handled not with his having the interest himself, but the interest was going to be handled through Mr. Bartone and Mr. Triscaro?

Mr. NAIMAN. Mr. Triscaro never entered into negotiations on this deal, sir.

Mr. KENNEDY. Of course, the records would appear to indicate otherwise, Mr. Naiman, as you understand and realize, the fact that he made all of these trips on your behalf, the fact that he went to Cuba on three different occasions to try to sell the plane, the fact that the bank representative felt he was the one who was backing the whole project.

It states here clearly,

Mr. Louis Triscaro, who represents a group of investors who are backing Naiman.

That is the representative of the bank; that is his report.

Mr. NAIMAN. I don't know where he got that inference, though.

Mr. KENNEDY. What you have is you have Mr. Triscaro in it from the very beginning, starting on February 9, and going to New York, then going to Florida, then coming back to Cleveland and on three different occasions taking a trip to Cuba in connection with the sale of the airplane.

Then you have the bank representative who said that from his understanding it was Mr. Triscaro who was in back of all of this operation.

Wasn't it a fact that as the documents were in Mr. Bartone's name, or, rather, in his possession—not Mr. Bartone—in Mr. Dranow's name, that it was felt that it would be better to turn those documents back and have the operation handled through you and through Mr. Triscaro?

Mr. NAIMAN. No, sir; I wouldn't say that, sir.

Mr. KENNEDY. Let me ask you a question: Did you speak to Mr. Triscaro subsequently about obtaining a loan from the Teamsters Union?

Mr. NAIMAN. I didn't speak to him about obtaining a loan from the Teamsters Union. I spoke to him about obtaining a loan, the possibility of getting one.

Mr. KENNEDY. Was it discussed at that time that you might obtain a loan from the Teamsters Union?

Mr. NAIMAN. The possibility of it; yes, sir.

Mr. KENNEDY. Who first suggested obtaining a loan from the Teamsters Union?

Mr. NAIMAN. Sir?

Mr. KENNEDY. Who first suggested obtaining a loan from the Teamsters Union?

Mr. NAIMAN. Who first suggested it?

Mr. KENNEDY. Yes.

Mr. NAIMAN. Well, Mr. Triscaro told me that the Teamster Union had a loaning agency, which I was not familiar with, and there was a possibility maybe of trying to get some funds from them.

Mr. KENNEDY. So what arrangements were made?

Mr. NAIMAN. I can't answer that.

Mr. KENNEDY. Well, what arrangements did you make to obtain the loan?

Mr. NAIMAN. I don't remember that, Mr. Kennedy.

Mr. KENNEDY. Did Mr. Triscaro suggest that you go to Chicago, that he would make arrangements for you there, that you should go to Chicago to try to obtain the loan?

Mr. NAIMAN. Yes.

Mr. KENNEDY. And isn't it correct that Mr. Bartone accompanied you on the trip to Chicago to try to obtain the loan?

Mr. NAIMAN. I had asked Mr. Bartone to accompany me on the trip.

Mr. KENNEDY. And did he accompany you?

Mr. NAIMAN. Yes, he did, sir.

Mr. KENNEDY. Did you visit there in Chicago with a representative of the pension and welfare fund?

Mr. NAIMAN. I don't know whether he was a representative of the pension and welfare fund.

Mr. KENNEDY. Who did you see in Chicago?

Mr. NAIMAN. A gentleman by the name of Mr. Downs.

Mr. KENNEDY. Mr. James C. Downs?

Mr. NAIMAN. That is right.

Mr. KENNEDY. He is chairman of the board of the Real Estate Research Corp.

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. And doesn't he have the position also of making recommendations on loans for the pension and welfare fund?

Mr. NAIMAN. Subsequently I found that out.

Mr. KENNEDY. Did you understand that when you went to see him?

Mr. NAIMAN. Not necessarily, no; not at the beginning.

Mr. KENNEDY. Did Mr. Downs, when you went to see him, expect you? Did he know you were coming?

Mr. NAIMAN. To my knowledge, he expected us; yes.

Mr. KENNEDY. Did you see him twice the first time? Did you see him once in the morning and then come back again in the afternoon?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. Did Mr. Triscaro, before you went up there, tell you that he would contact Mr. Hoffa to get his help in obtaining a loan?

Mr. NAIMAN. No, sir; I was not told that.

Mr. KENNEDY. Did you have any conversations with Mr. Triscaro about the fact that he would make a contact with Mr. Hoffa?

Mr. NAIMAN. No, sir; nothing like that.

Mr. KENNEDY. Was Mr. Dranow's name mentioned at the first meeting that you had with Mr. Downs?

Mr. NAIMAN. Not to my knowledge.

Mr. KENNEDY. Well, did anybody else mention his name?

Mr. NAIMAN. Not to my knowledge.

Mr. KENNEDY. Well, you were there.

Mr. NAIMAN. Well, I could have stepped out, too. I mean, your investigators told me, yes, but I don't remember it.

Mr. KENNEDY. You don't remember whether his name was mentioned?

Mr. NAIMAN. No, sir; I don't.

Mr. KENNEDY. You went to see Mr. Downs on April 13; is that right?

Mr. NAIMAN. I don't remember the date. I remember I was there.

Mr. KENNEDY. Did you tell Mr. Downs that you had been in contact with Mr. Triscaro?

Mr. NAIMAN. Yes.

Mr. KENNEDY. And didn't Mr. Bartone say that he had been in contact with Mr. Dranow?

Mr. NAIMAN. Not to my knowledge, sir.

Mr. KENNEDY. You don't remember that being stated?

Mr. NAIMAN. That I don't remember.

Mr. KENNEDY. When you left that meeting, did you expect to receive the loan?

Mr. NAIMAN. We just brought up the possibility of making the loan, so I can't say readily that I expected to get a loan at the first meeting.

Mr. KENNEDY. Mr. Chairman, we expected to have Mr. Downs as a witness today. He had made plans some months ago to go to Europe. One of his sons is in the service over there and they could only go for a 3-week period. So he made an affidavit for the committee.

Ordinarily it wouldn't be sufficient to take an affidavit, as he would have been an extremely important witness, but in view of the fact and the hardship it would have imposed upon himself and upon his family, we allowed him to go. He said when he returned he would testify if the committee wanted to hear him. But we do have an extensive affidavit from him in connection with this application, this loan application.

The CHAIRMAN. Do you have the affidavit duly verified?

Mr. KENNEDY. We do.

The CHAIRMAN. The affidavit may be made exhibit No. 30.

(Affidavit referred to marked "Exhibit No. 30" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You may read excerpts from it if you desire.

Mr. KENNEDY. It states:

I, James C. Downs, Jr., make the following statement voluntarily to John P. Constandy and Walter R. May who have certified themselves to me as assistant counsels of the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field. This statement is being made by me with the realization that it may be used in public hearings before the committee.

I serve as chairman of the board and am active in the affairs of the Real Estate Research Corp., 73 West Monroe Street, Chicago, Ill. On or about March 1, 1959, the Real Estate Research Corp. was retained by the trustees of the Central States, Southeast and Southwest Areas Pension Fund to perform certain functions in connection with applications for loans from the pension fund.

In general terms, the research corporation's duties consist of receiving the application, making a preliminary study, and submitting the information to the screening committee of the fund. Thereafter, upon the approval of the screening committee, the research corporation makes a full study and appraisal of the loan situation and submits the result, together with a recommendation, to the trustees of the fund. The approval of and commitment for any and all loans granted by the pension fund is solely within the authority of the trustees of the fund.

On Monday, April 13, 1959, two individuals with whom I was not acquainted visited me at my Chicago office. They introduced themselves as Alvin Naiman and Dominik Bartone; said they had come in connection with a loan; and asked if I had heard from James Hoffa who, they said, was supposed to have notified me by telephone that they were going to visit me. Not having been contacted by Mr. Hoffa in relation to the matter, I requested that Mr. Naiman and Mr. Bartone return later in the day, and they left my office.

Thereafter, on the same day, I telephoned Mr. Hoffa in Washington, D.C., and told him of the visit by Mr. Naiman and Mr. Barton. Mr. Hoffa said he should have called me earlier but had not gotten around to it; that Naiman and Bartone were interested in a loan; and the Teamsters were interested in making the loan if it appeared to me that it would be a good loan.

Later in the day Mr. Naiman and Mr. Bartone returned to my office and we discussed the loan they desired. Mr. Naiman wished to obtain a loan of \$300,000 from the pension fund to finance the sale of some airplanes which had been purchased from the Government, and as security for the loan, Mr. Naiman was offering his interest in a company called Niagara Crushed Stone, Ltd., located in Port Colborne, Ontario.

Mr. Bartone discussed the planes themselves and the potential sale of them to Cuban buyers and others. Both Mr. Naiman and Mr. Bartone stressed their urgent need for money to finance the project and led me to believe they expected that the loan would be granted immediately.

I recall that Mr. Naiman said they had been in contact with a "Babe" Triscaro in regard to the loan and had been led to believe that the loan would be approved. Mr. Bartone stated that in regard to the loan they had also been in contact with Benjamin Dranow who, Mr. Bartone said, was a person who worked with Mr. Hoffa. Mr. Bartone stated that they had arranged for the loan through Benjamin Dranow who had assured them it would be granted.

On or about April 17, 1959, I visited the property of the Niagara Crushed Stone Co. at Port Colborne and found a high level of activity. However, I learned that the Toronto-Dominion Bank of Crowland, Ontario, had extended credit to the company of \$150,000, of which \$148,000 had been drawn against. To secure this loan, accounts receivable and the inventory of stone and rubble had been pledged.

For this and other reasons which were set forth in my letter of April 24, 1959, to the screening committee of the fund, I concluded that there was not sufficient security to warrant a loan to Mr. Naiman on the basis of his interest in the company, and I so informed the screening committee on April 24.

Thereafter, on April 28, the material submitted by Mr. Naiman to my office in connection with his loan application was returned to Mr. Naiman.

Subsequently, on or about May 1, I received a telephone call from Mr. Hoffa, speaking from Washington, D.C. Mr. Hoffa said that Al Naiman was then in Mr. Hoffa's office and they were discussing Mr. Naiman's loan which had been rejected by the screening committee.

Mr. Hoffa asked me if there was any basis upon which a loan to Mr. Naiman would be acceptable. I told Mr. Hoffa that I might recommend the granting of a loan if Mr. Naiman met certain conditions, such as—

(a) Agreeing to the use of \$156,000 of the loan to pay a debt against the stock of the company and forthwith posting that stock as collateral;

(b) Agreeing to subordinate to the loan \$500,000 owed him by the company; and

(c) Agreeing that the balance of the loan would be paid to the Toronto-Dominion Bank of Crowland, Ontario, for the purpose of retiring a loan to the company.

Mr. Hoffa then asked me if it were necessary that the bank loan be paid off and I replied in the affirmative. It was apparent to me from our telephone conversations that Mr. Hoffa was anxious to have this loan granted.

I heard nothing more concerning the loan until May 7 when Mr. Naiman called our office to say he was under the impression that something further was going to be done on his application; that he was willing to subordinate moneys due him from the company, and that he expected the loan to be approved.

Thereafter, I was surprised to learn from Francis J. Murtha, executive secretary of the pension fund, that the trustees of the fund were being circulated by wire for approval of a loan to Mr. Naiman in the amount of \$300,000, subject to our certification of the security of such a loan. On May 26, I directed a letter to Mr. Hoffa, a copy of which letter is hereby incorporated by reference at this point, setting forth the conditions upon which I would certify the security of such a loan.

Here is a copy of the letter, Mr. Chairman. In the letter, he sets forth the conditions that he stated to Mr. Hoffa on the telephone as to how he would approve the loan. He had stated to Mr. Hoffa on the telephone, according to the affidavit, that he would approve the loan if certain conditions were met.

Thereafter, and this is stated, to his surprise the secretary of the pension fund was circulating the trustees, asking for their approval of the loan, subject to his approval or his stamp, and he then sent out this letter so that there would be no misunderstanding that we was approving the loan without these conditions.

(Members of the select committee present at this point in the proceedings were Senators McClellan and Church.)

The CHAIRMAN. This letter is already a part of the affidavit, and it is a part of the exhibit.

You have heard the affidavit read of Mr. Downs, and he is the man you went to see about the loan, and you have heard references there and his statement as to what you represented to him about Mr. Hoffa and about Mr. Dranow.

Are those statements in the affidavit correct?

Mr. NAIMAN. I don't remember Mr. Dranow's name being mentioned. As I said, probably he wasn't there at all times.

The CHAIRMAN. Is there anything in that affidavit that you want to refute or deny?

Mr. NAIMAN. No, sir; I don't think so.

Mr. KENNEDY. The significant fact, or one of the significant facts, is that it was Mr. Bartone who brought up Mr. Dranow's name, and it would appear that Mr. Dranow was withdrawing his interest or was changing his interest after the beginning of April of 1959 in the company, and it was then operating through Mr. Bartone, so that when the trip was made by Mr. Naiman and Mr. Bartone to Chicago, in connection with that loan, it was Mr. Bartone who brought up that name.

The CHAIRMAN. It was Bartone seeking the loan instead of Mr. Dranow.

Mr. KENNEDY. And the arrangements had been made through Mr. Dranow, and as this affidavit states:

Mr. Bartone stated that in regard to the loan they had also been in contact with Benjamin Dranow who, Mr. Bartone said, was a person who worked with Mr. Hoffa.

The CHAIRMAN. How many times did you talk to Mr. Hoffa about this loan?

Mr. NAIMAN. One time, sir.

The CHAIRMAN. When was that?

Mr. NAIMAN. It was in the paper.

Mr. KENNEDY. It was after Mr. Downs had turned the loan down, and you had further conversations with Mr. Triscaro; is that correct? After your first visit?

Mr. NAIMAN. I believe that is right.

Mr. KENNEDY. And then did Mr. Triscaro arrange for you to see Mr. Hoffa here in Washington, D.C.?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. So you and Mr. Triscaro took a trip here to Washington, D.C.?

Mr. NAIMAN. That is right.

Mr. KENNEDY. And you went and visited with Mr. Hoffa?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And would you relate to the committee what happened at that meeting?

Mr. NAIMAN. You just related it, sir.

Mr. KENNEDY. Tell us what happened.

Mr. NAIMAN. You just told us that.

Mr. KENNEDY. He is telling of the fact that Mr. Hoffa called him about the loan, but who was present at the meeting? Did it take place in Mr. Hoffa's office?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. Who was present at the meeting?

Mr. NAIMAN. Mr. Hoffa was there, and I was there, and Mr. Triscaro was there, and another gentleman—I don't know his name.

Mr. KENNEDY. The other gentleman had a mustache?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. Is that Mr. Gene San Soucie?

Mr. NAIMAN. I wouldn't know.

Mr. KENNEDY. What did you discuss at that meeting?

Mr. NAIMAN. The possibilities of making a loan.

Mr. KENNEDY. What did Mr. Hoffa say to you at that time?

Mr. NAIMAN. If I could meet all of the conditions that were required by Mr. Downs, possibly I could get a loan.

Mr. KENNEDY. What did he say about the airplanes?

Mr. NAIMAN. He did not discuss the airplanes.

Mr. KENNEDY. Didn't you discuss the airplanes at all?

Mr. NAIMAN. No, sir.

Mr. KENNEDY. He didn't say anything about the fact of, what kind of a deal had you gotten yourself into in connection with the airplanes?

Mr. NAIMAN. There was absolutely no mention of the planes at all.

Mr. KENNEDY. I don't want to go through the same thing we went through this morning, Mr. Naiman, but isn't it correct that you had some discussion about the airplanes while you were there?

Mr. NAIMAN. To my knowledge, I would say "No, sir."

Mr. KENNEDY. Just think again.

Mr. NAIMAN. I just don't remember.

Mr. KENNEDY. Just think again, now, Mr. Naiman, and isn't it correct that you discussed the airplanes to some extent while you were there? Now, you are under oath.

Mr. NAIMAN. I honestly don't remember, and I don't think so.

Mr. KENNEDY. Didn't he say to you and didn't you tell us that he stated that you had gotten yourself in a deal down there with those airplanes?

Mr. NAIMAN. It was never discussed in front of me, sir; I can't remember.

Mr. KENNEDY. Would you think again, Mr. Naiman, and I know you don't want to get yourself into difficulty, but you shouldn't get yourself into difficulty here also.

Would you think again?

Mr. NAIMAN. I honestly tell you that I cannot remember any discussion about the planes that day, sir.

Mr. KENNEDY. Now tell me this: Did you tell our investigators that you had discussed the planes with Mr. Hoffa at that time?

Mr. NAIMAN. I never made that statement, sir. I never made that statement.

Mr. KENNEDY. Could I ask Mr. May, Mr. Chairman?

The CHAIRMAN. All right, Mr. May, you have heard the witness testify he had made no such statement about having discussed the planes with Mr. Hoffa on the occasion of his visit here to see him in his office.

Have you discussed this matter with the witness, Mr. May?

Mr. MAY. Yes, sir, I have.

The CHAIRMAN. What was the information that he gave you regarding his conversation there with respect to planes, airplanes?

Mr. MAY. Mr. Naiman met with us in New York a couple of weeks ago, and told us about his visit to Washington with Mr. Triscaro, and he met with Mr. Hoffa, and at that time Mr. Hoffa told Mr. Naiman that he had involved himself in a most miserable airplane deal, and at that point Mr. Naiman used other language, but the gist of it was that it was not a good deal.

Mr. Naiman told that to Mr. Constandy and to myself.

The CHAIRMAN. Do you recall having made such comment?

Mr. NAIMAN. I don't remember; really I don't.

The CHAIRMAN. Do you deny that you made the statement?

Mr. NAIMAN. I don't remember making a statement of that kind.

The CHAIRMAN. You say you don't remember?

Mr. NAIMAN. Do you want me to tell the truth? I am telling you the truth, and I just don't remember making a statement like that.

The CHAIRMAN. We are interested, I think, in getting just the truth.

Mr. NAIMAN. That is right, sir.

The CHAIRMAN. So you don't remember, and therefore you can't say that you did make it or that you didn't; is that the way you want to leave the record?

Mr. NAIMAN. If you please, sir.

The CHAIRMAN. You want to leave it that way?

Mr. NAIMAN. If you please, sir.

I just can't remember making a statement like that, and I am very sincere in saying so.

Mr. KENNEDY. What did Mr. Hoffa think that the loan was for, then?

Mr. NAIMAN. Sir?

Mr. KENNEDY. What did you explain that the loan was for?

Mr. NAIMAN. The loan was made exactly as was purported on the affidavit of Mr. Downs, and that was it.

The CHAIRMAN. It was not unusual at all when someone seeks to borrow a large sum of money, that the lender usually inquires "Why do you want so much money?"

Did that not occur?

Mr. NAIMAN. What is that?

The CHAIRMAN. I say it is not an unusual thing when one is making application for a loan, or seeking to borrow a considerable amount of money, that the lender usually asks, "What do you want that money for?"

Mr. NAIMAN. That is right, sir.

The CHAIRMAN. What is that?

Mr. NAIMAN. That is right.

The CHAIRMAN. That is right?

Mr. NAIMAN. Yes.

The CHAIRMAN. Were you asked what you wanted the money for in this instance?

Mr. NAIMAN. The money was ——

The CHAIRMAN. I know what it was, but were you asked what it was wanted for?

Mr. NAIMAN. That is right.

The CHAIRMAN. By whom?

Mr. NAIMAN. By Mr. Hoffa.

The CHAIRMAN. Surely; and did you tell him?

Mr. NAIMAN. Yes; I did.

The CHAIRMAN. What did you tell him?

Mr. NAIMAN. I told him that I wanted the money for the stone quarry, both to take care of the stock and also to take care of the bank.

The CHAIRMAN. What else?

Mr. NAIMAN. That is all.

The CHAIRMAN. You didn't tell him anything about the planes?

Mr. NAIMAN. No, sir; I did not, and I don't recall ever telling him anything about the planes.

The CHAIRMAN. Do you think that he didn't find out about the planes from you there that day?

Mr. NAIMAN. Not from me, sir.

Mr. KENNEDY. That is very interesting. If that is what you told Mr. Hoffa the loan was for. The affidavit states that loan was for:

Mr. Naiman wished to obtain a loan of \$300,000 from the pension fund to finance the sale of some airplanes which had been purchased from the Government.

The CHAIRMAN. That is what Mr. Downs said that you represented to him.

Mr. NAIMAN. That may be all good and well, sir, but I could not borrow any money against the quarry unless those obligations were taken care of, sir.

The CHAIRMAN. I understand that.

Mr. NAIMAN. They couldn't take care of it.

The CHAIRMAN. You wanted to put up your interest in that in order to secure the loan?

Mr. NAIMAN. That is right, sir.

The CHAIRMAN. But the real object of the loan was to carry out the airplane transaction, and that is why you wanted the money in the first place?

Mr. NAIMAN. My dear Senator——

The CHAIRMAN. Is that correct?

Mr. NAIMAN. My dear Senator, let me make this statement, please: I made a statement before that I could not use this money for any other purpose, only for what was purported at the quarry, and there wouldn't have been anything left.

The CHAIRMAN. There is no reason for you to borrow the money except that you wanted to clear that up so that you could carry out your airplane transaction.

Mr. NAIMAN. No; because I am under pressure there on the stock, and I have to pay that off. The records will show that.

The CHAIRMAN. I don't understand why you were representing up there to Mr. Downs that you wanted the money to carry out an airplane transaction to finance it, and that is what he said.

Mr. NAIMAN. Oh, no; and why did he go to the quarry, sir?

The CHAIRMAN. I guess he wanted to see what kind of security it was.

Mr. KENNEDY. That is the security for the loan, and Mr. Naiman was offering his interest in the company, that is Niagara Crushed Stone, Ltd.

Mr. NAIMAN. You will find that money was needed for the quarry.

Mr. KENNEDY. What was Mr. Triscaro doing? Did he go up to the quarry?

Mr. NAIMAN. No, sir.

Mr. KENNEDY. Mr. Triscaro was interested in connection with the airplanes, and Mr. Triscaro came back and he arranged the appointment with Hoffa.

Mr. NAIMAN. Mr. Triscaro was interested only through friendship of mine.

Mr. KENNEDY. He was so friendly that he made three trips to Cuba with you?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And then he arranged for the visit with Mr. Hoffa; is that right?

Mr. NAIMAN. That is right.

Mr. KENNEDY. And he made the arrangement for the visit with Mr. Downs?

Mr. NAIMAN. That is right.

Mr. KENNEDY. And then he traveled here to Washington, D.C., to visit with Mr. Hoffa?

Mr. NAIMAN. That is right.

Mr. KENNEDY. And he was present at the time?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. And, No. 2, didn't Mr. Bartone come with you to see Mr. Downs in Chicago?

Mr. NAIMAN. Yes, sir, he did.

Mr. KENNEDY. No, Mr. Bartone had an interest in the Niagara Crushed Stone Co.?

Mr. NAIMAN. No, de didn't, and I just asked him to take a ride with me, sir.

Mr. KENNEDY. Now, Mr. Naiman, you know that is not the truth.

Mr. NAIMAN. Mr. Kennedy, that is the truth.

Mr. KENNEDY. He stated or Mr. Downs states here under oath that Mr. Bartone came in and said that you two wanted a loan and that Mr. Benjamin Dranow had made the arrangements. Now, he didn't say, "My friend here, Mr. Naiman, wants a loan." It was both you wanted a loan, and we have already identified Mr. Bartone as being in this company.

(At this point Senator Curtis entered the hearing room; Senator Church withdrew from the hearing room.)

Mr. NAIMAN. To my knowledge Mr. Bartone was not in the company and is not in the company at all.

Mr. KENNEDY. He had an option, did he not, in connection with the sale of two of the planes?

Mr. NAIMAN. Only as a salesman, that is all, but no connection with the company itself.

Mr. KENNEDY. It says:

Mr. Bartone discussed the planes themselves, and the potential sale of them to Cuban buyers and others.

When you testify here under oath, Mr. Naiman, that all that Mr. Bartone was doing is that he happened to come up for a ride, you know that is not true.

Mr. NAIMAN. To my knowledge it is the truth.

The CHAIRMAN. This is getting pretty important, and do you want to say that all he went along for was the ride, and he had no interest in the transaction?

Is that what you want to testify to under oath?

Do you want to leave the record that way? I am leaving it up to you. There is no use to keep going on and on about this, and you either did or did not, and he was in on the deal or he wasn't, and if he was in on it you know it. If he was in on it he went for more than a ride. What about it?

Mr. NAIMAN. To my knowledge he was only in as a salesman, sir.

The CHAIRMAN. Well, he had an interest as salesman and how much was he going to make if the planes were sold?

Mr. NAIMAN. Ten percent.

The CHAIRMAN. He had a pretty good interest in it.

Mr. NAIMAN. Yes, sir.

The CHAIRMAN. Well, he did have an interest in the plane deal.

Mr. NAIMAN. In that way, yes.

The CHAIRMAN. Well, then, in that way, that is profit, and that is making money, and that is what you usually travel for, isn't it, on a business deal?

Mr. NAIMAN. I didn't want it to be inferred that he was part of Akros.

The CHAIRMAN. I didn't say anything about Akros.

Were you trying to get money to finance a plane deal down in Cuba?

Mr. NAIMAN. That is correct.

The CHAIRMAN. That is correct?

Mr. NAIMAN. Yes, sir.

The CHAIRMAN. And he had a 10-percent interest in it, didn't he, of the profits you were to make out of it?

Mr. NAIMAN. Of the planes that he would sell, yes.

The CHAIRMAN. And you needed a loan to carry out that transaction; is that right?

Mr. NAIMAN. Frankly, if that transaction would have gone through, he wouldn't have needed any loan.

The CHAIRMAN. I know, sure, if it rained money from heaven, probably he wouldn't need to work for it. There are a lot of ifs, but what you wanted was a loan to finance this plane transaction; isn't that correct?

Do you have to hesitate about that? This fellow had a 10-percent interest in the profits, and yet he went along with you just for the ride. Don't you think that the 10-percent potential profit was a bit of inducement to him to go along and help you get the loan?

Mr. NAIMAN. It should; yes, sir.

The CHAIRMAN. I think so.

All right.

Mr. KENNEDY. Now, you want to straighten the record out, Mr. Naiman, and you don't want to leave it like this: Isn't it correct that when you came into Washington and you met with Mr. Hoffa, there was a discussion about the fact that you needed this money for the loan for the planes?

Mr. NAIMAN. I wasn't in there all of the time.

Mr. KENNEDY. But he understood that, and you had some discussion back and forth, just as you told our investigator. Do you want to tell the truth, Mr. Naiman, and you are a reputable businessman out in Ohio.

Mr. NAIMAN. They didn't go along on that basis, and they wouldn't go along.

Mr. KENNEDY. We don't know whether they went along, and we can put that in the record as we go along, but at least get this as far as your knowledge about it.

You knew that they discussed that, Mr. Naiman, and you know that as a reputable businessman, and a reputable citizen of Ohio, and you don't want to lie to the committee.

Mr. NAIMAN. I don't want to lie to anybody.

Mr. KENNEDY. Isn't it correct that you discussed the planes?

Mr. NAIMAN. That it was discussed, not with Mr. Hoffa, but with Mr. Downs.

Mr. KENNEDY. When you went in and visited with Mr. Hoffa and you were trying to obtain this loan and trying to obtain his interest in the loan, or trying to get him to back you or help you and assist you in getting the loan, didn't you tell him at that time what you wanted the loan for?

Mr. NAIMAN. You are talking about who, sir?

Mr. KENNEDY. I am talking about your conversation with Mr. Hoffa.

Mr. NAIMAN. I don't remember that, Mr. Kennedy, at any time mentioning it.

Mr. KENNEDY. I don't see how you could go and see anyone about a loan without telling them what the loan was going to be for.

Mr. NAIMAN. As I said before, I stated that the loan was supposed to be made for the quarry.

Mr. KENNEDY. You know that isn't correct either, Mr. Naiman. You know that loan was for the airplanes, just as you told Mr. Downs, and the reason Mr. Bartone accompanied you.

Mr. NAIMAN. I know, but in reference to the conversation with Mr. Downs, the loan was not granted on the basis of the planes; not at all.

Mr. KENNEDY. Well, Mr. Chairman, could I suggest that the witness take a 5-minute recess, because he has told the committee staff a different story. As I say, we expected to have him come up here and give us the whole truth and the complete facts in connection with this.

Mr. NAIMAN. I am giving you the truth.

Mr. KENNEDY. Why do you think Mr. May and Mr. Constandy, who talked to you within the last 10 days, would state, and Mr. Constandy is prepared to state, that you told them that you discussed the planes with Mr. Hoffa? There is no reason for them to lie about that.

You were trying to get a loan in connection with the planes, and it would be the most logical thing in the world that you discussed the planes.

Mr. NAIMAN. I don't remember discussing the planes.

Mr. KENNEDY. Did you remember it 2 weeks ago?

Mr. NAIMAN. Two week ago?

Mr. KENNEDY. When you told Mr. May and Mr. Constandy.

Mr. NAIMAN. To my knowledge, the best I remember is that I applied for a loan for the quarry. I just don't remember.

Mr. KENNEDY. We will have some documents, then.

The CHAIRMAN. Are you through with this witness?

Mr. KENNEDY. I will put some documents in.

The CHAIRMAN. Proceed.

TESTIMONY OF WALTER R. MAY—Resumed

Mr. KENNEDY. Would you identify the documents?

Mr. MAY. These documents were obtained with Mr. Downs' cooperation from his file, and the first one is dated April 24. It is a telegram from Mr. James C. Downs, Jr., Real Estate Research Corp., to Mr. Maurice Lewis, Pan American Bank, Miami, Fla.

It reads:

Mr. Al Naiman of Cleveland has made application to the Central States-Southeastern-Southwestern Carriers Pension Fund for a loan which is now in the process of appraisal and evaluation, on which there should be preliminary conclusion early in the coming week.

The second document is a letter, sir, from the secretary to Mr. James C. Downs, Jr., dated April 24, 1959, and directed to Mr. Alvin A. Naiman, of the Alvin A. Naiman Corp. in Cleveland, Ohio:

DEAR MR. NAIMAN: Mr. Downs asked me to send you the enclosed three copies of a telegram which was sent this morning to Mr. Maurice Lewis of the Pan American Bank in Miami, Fla.

We spoke with Mr. Downs of Chicago, and he said that he sent this telegram to the bank at the request of Mr. Naiman.

The CHAIRMAN. These may be made exhibits 31-A and 31-B.

(Documents referred to were marked "Exhibits 31-A and 31-B," respectively, for reference, and will be found in the appendix on pp. 19135-19136.)

MR. KENNEDY. Will you show us the significance in connection with those?

MR. MAY. We also spoke with Mr. Lewis of the Pan American Bank, who stated that he was pressing for money and this was Mr. Naiman's way of showing the Pan American Bank that money would be forthcoming in a short time.

THE CHAIRMAN. What did that bank want money for? What was the connection there?

MR. MAY. The bank held an \$840,000 mortgage on the airplanes.

THE CHAIRMAN. They were pressing for their money?

MR. MAY. Yes, sir.

THE CHAIRMAN. So that Mr. Downs when he was approached—when he was considering this application at the instance of Mr. Naiman—sent the telegram which would give some indication that the matter was under active consideration to secure a loan, where they might pay off the plane?

MR. MAY. Yes, sir.

MR. KENNEDY. This is April 24, and Mr. Downs clearly states in his affidavit that the loan that was made or applied for in connection with the airplanes, and that the security was the Niagra Crushed Stone Co.

TESTIMONY OF ALVIN NAIMAN—Resumed

THE CHAIRMAN. If there had not been an airplane transaction, there wouldn't be any necessity for you getting a loan, would there be?

MR. NAIMAN. Probably not, sir.

MR. KENNEDY. Now, what happened to the loan, Mr. Naiman?

MR. NAIMAN. It was rejected.

MR. KENNEDY. When was it rejected?

MR. NAIMAN. I don't remember the exact date.

MR. KENNEDY. About a week or 10 days ago?

MR. NAIMAN. I think so.

MR. KENNEDY. Two weeks ago?

MR. NAIMAN. Yes, sir; approximately 2 weeks ago.

MR. KENNEDY. It was approved first by a majority of the trustees; is that right?

MR. NAIMAN. That was my understanding.

MR. KENNEDY. And then it was rejected by Stanford Clinton. Mr. Clinton we just found turns out to be the attorney for the trust fund, Mr. Chairman, and he is also the attorney for the Dorfman's, which is of some interest to us. But he is attorney for the trust fund, and he stated because of a legal technicality that the loan could not be made; is that right?

MR. NAIMAN. I am sorry, Mr. Kennedy.

MR. KENNEDY. He stated that because of a legal technicality, the loan could not be made.

MR. NAIMAN. That is right.

MR. KENNEDY. And he ruled that in the last couple of weeks?

MR. NAIMAN. Yes, sir; about 2 weeks ago.

Mr. KENNEDY. This Mr. Bartone, who accompanied you just for the ride up to Chicago, did you give him permission to take one of your planes to Puerto Rico?

Mr. NAIMAN. Yes, I did, sir; over the phone.

Mr. KENNEDY. You did give him that permission?

Mr. NAIMAN. Yes, sir.

Mr. KENNEDY. This man that you said just accompanied you for the ride up to Chicago?

Mr. NAIMAN. That is right, sir.

Mr. KENNEDY. When was that?

Mr. NAIMAN. I don't remember, and I wouldn't remember the date, and I imagine you have it.

Mr. KENNEDY. Did you have knowledge that he was intending to use that plane to smuggle arms to the Dominican Republic?

Mr. NAIMAN. Absolutely not; never.

Mr. KENNEDY. Did you have knowledge that he was going to use the plane to smuggle the arms to the Dominican Republic and then sell the plane for \$400,000 when he arrived in the Dominican Republic?

Mr. NAIMAN. Absolutely not.

Mr. KENNEDY. You had no information about that?

Mr. NAIMAN. Absolutely no.

Mr. KENNEDY. But you did give him permission, this man who accompanied you up to Chicago, you did give him permission to fly the plane to Puerto Rico?

Mr. NAIMAN. To San Juan and make sure he got all of the proper clearance from the State Department and whatever procedure you have to go through.

The CHAIRMAN. What was the reason for his trip?

Mr. NAIMAN. A demonstration flight, sir.

The CHAIRMAN. Demonstrating to whom?

Mr. NAIMAN. He had some buyers, prospective buyers.

The CHAIRMAN. Over in the Dominican Republic?

Mr. NAIMAN. No, sir, that was in Puerto Rico, to the best of my knowledge.

The CHAIRMAN. Did he tell you who his prospective buyers were?

Mr. NAIMAN. No, sir; he did not.

The CHAIRMAN. You just let him have the plane. How much do you value these planes? You are asking about \$400,000, what you expect to get out of each one; isn't that right?

Mr. NAIMAN. Yes.

The CHAIRMAN. That is what you are trying to sell them for, around \$400,000?

Mr. NAIMAN. Gross; yes, sir.

The CHAIRMAN. And they actually cost you, or they will actually cost you, about \$75,000 each, will they?

Mr. NAIMAN. I beg your pardon, sir. It would be more than that.

The CHAIRMAN. Well, it will cost you more than that. You were letting him have a pretty valuable piece of property to drive around or fly around; weren't you?

Mr. NAIMAN. Yes.

The CHAIRMAN. I mean without knowing something about his business, and why he wanted it and what he was going to do with it.

I am just trying to get at the reason in this thing. You let him have a plane now to fly out there.

Mr. NAIMAN. Well, the plane was supposed to be gone for a period of 14 days, if my recollection is proper, and was supposed to be brought back.

The CHAIRMAN. All right.

Mr. KENNEDY. We are going to have to recall Mr. Naiman, Mr. Chairman.

The CHAIRMAN. Do you want to call another witness?

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. Stand aside for the moment. We will have to have you come back directly when we get some further testimony. Call the next witness.

Mr. KENNEDY. We have Mr. Hamilton, and Mr. Juliani.

The CHAIRMAN. Senator Goldwater wanted to be present when this witness testified.

Everyone can be at ease for a moment until I get some information. (A brief recess was taken.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present after the recess were Senators McClellan, Ervin, and Curtis.)

Mr. KENNEDY. Mr. Naiman.

The CHAIRMAN. All right, Mr. Naiman, I understood you wanted to make some statement.

Mr. NAIMAN. Ask me the question, please, Mr. Kennedy.

The CHAIRMAN. I understood you wanted to make some further statement.

Mr. KENNEDY. This is in connection with your visit here when you went to see Mr. Hoffa in connection with this loan.

Was there a discussion at that time about the fact that you needed the money in connection with these airplanes?

Mr. NAIMAN. Yes; there was.

The CHAIRMAN. Now let me ask you something.

Mr. KENNEDY. I will say something for Mr. Naiman.

He has grown up with a number of these people that are involved, and he explained to us, and it is reasonable, he does not want to get anybody in any great difficulty. We have had a considerable amount of difficulty on occasion to try to get some of these facts. I think he would like to help us, but I think that that has been a problem.

The CHAIRMAN. I want to have a little conversation with you in a minute, when you leave the witness stand, about something else.

Mr. NAIMAN. Thank you, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. You may be recalled. Not today, necessarily, but you may be recalled at some future time.

In the meantime you will remain under your present subpoena.

Mr. KENNEDY. He is not subpoenaed, I don't believe.

The CHAIRMAN. I want to see you before you leave. You may stand aside for the present time. I will discuss this matter with you that I have in mind. You may stand aside for the present. I will see you just before you leave.

Call the next witnesses, please.

Mr. KENNEDY. Mr. Hamilton and Mr. Juliani.

The CHAIRMAN. Be sworn.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAMILTON. I do.

Mr. JULIANI. I do.

TESTIMONY OF GORDON HAMILTON AND GERALD B. JULIANI

The CHAIRMAN. Beginning on my left, the witness on my left, will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. JULIANI. Gerald B. Juliani, 2710 East Adams, Tucson, Ariz. I am vice president of the Hamilton Aircraft Co.

The CHAIRMAN. Thank you very much, sir.

And the witness on my right?

Mr. HAMILTON. Gordon Hamilton, 4135 East Fourth Street, Tucson. I am president of the Hamilton Co.

The CHAIRMAN. Thank you very much.

Gentlemen, you both waive counsel; do you?

Mr. HAMILTON. Yes.

Mr. JULIANI. Yes.

The CHAIRMAN. I might say to you gentlemen that Senator Goldwater was very anxious to be present when you testified, and said you are two of the fine citizens in his State. He had planned to be here. We tried to hold off as long as we could so he might be here, but other duties make it impossible for him to be here at this time. He wanted me to tell you that because we discussed it here this morning, hoping we could get to you before noon, but we were not able to do so.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Hamilton, you placed a bid also in connection with these airplanes, did you not?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. You were unsuccessful?

Mr. HAMILTON. That is right.

Mr. KENNEDY. While the negotiating was going on in 1957, did you make a visit to Cleveland, Ohio?

Mr. HAMILTON. Yes.

Mr. KENNEDY. And visited there with whom?

Mr. HAMILTON. Mr. Benjamin, Mr. Zappone, and I believe they were the two principals. There was a Father Brady, and one or two other gentlemen who seemed to be connected with Akros.

Mr. KENNEDY. In 1958, Mr. Steiner came to your office and requested a quotation for a flight for one of these C-74's; is that correct?

Mr. HAMILTON. Actually, the first contact was a request for quotation by telephone.

Mr. KENNEDY. And you furnished the quotation—this is just preliminary background—you furnished the quotation in August, received orders to proceed in November, and you began work in late December and completed work on the plane in January 1959?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. And Akros paid you \$6,000 for the work; is that right?

Mr. HAMILTON. That is right.

Mr. KENNEDY. During the latter part of February of 1959, did you receive a telephone call as to what should be done with that airplane?

Mr. HAMILTON. I received a series of calls from various people.

Mr. KENNEDY. From whom was the first call?

Mr. HAMILTON. Well, I believe the first call was from Mr. Naiman.

Mr. KENNEDY. What did he say at that time?

Mr. HAMILTON. He said that it appeared that they had a sale for the aircraft in Havana, and that he wanted us to get the airplane ready as soon as possible.

Mr. KENNEDY. Did you receive a call subsequent to that?

Mr. HAMILTON. Well, we received many calls then. Most of them were instructions from many people on the same subject.

Mr. KENNEDY. Whom did you receive the calls from, please?

Mr. HAMILTON. Well I received a call from Mr. Bartone and Mr. Dranow, and they tell me I received a call from Mr. Triscaro, but I are not sure.

Mr. KENNEDY. Triscaro?

Mr. HAMILTON. Triscaro, yes.

I have had a great deal of business to do with these first three gentlemen I mentioned since then, and I have had nothing to do with Triscaro since then, so I am not quite sure whether he called or not.

Mr. KENNEDY. The records show that he made a telephone call to you while in Miami, Fla., from room 509 at the Hotel Eden Roc. He made a call to you at Tucson, Ariz., at MA-3-3671.

Mr. HAMILTON. This could be possible.

Mr. KENNEDY. And that call was on February 27, 1959. It was a person-to-person call and it lasted for 8 minutes.

Mr. HAMILTON. It could be very possible. We get calls from all over the country.

Mr. KENNEDY. Were these people all giving you instructions as to what should be done with the airplane?

Mr. HAMILTON. It was very confusing. Yes.

Mr. KENNEDY. Finally, on March 7, Bartone called you and said you were to have the plane in Havana the following Friday?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. Did you say you would need money to get it there? Who did he say would furnish you the money?

Mr. HAMILTON. I advised him that before we could proceed with the work we would have to get a deposit on the job, and he said that a Mr. Dranow would be calling and confirm the fact that he would receive the money and the money would be forthcoming shortly.

Then I did receive this call from Mr. Dranow. He said that the money would be there shortly. He asked me about matters of insurance that we later ironed out.

Mr. KENNEDY. Did he tell you at that time that he "was running the show"?

Mr. HAMILTON. Well, everybody seemed to be of that opinion at that time. I mean, Dranow, Bartone, and everything—but I finally got instructions from Mr. Naiman. He had been my contact. He had, of course, funded everything that I had received. I called

him and he told me that Bartone would be the man I would be responsible to.

So I clarified this with Bartone and he said to disregard any conversations with other people, such as Dranow and the rest of them.

Mr. KENNEDY. This is during the period of time, Mr. Hamilton, that Mr. Bartone was playing still such a major role.

Did you ultimately make arrangements to fly the plane to Cuba?

Mr. HAMILTON. Yes. We quoted the time that it would require to prepare the aircraft and get an adequate crew together. This is a very large airplane.

Mr. KENNEDY. I don't want to go into all the details.

Mr. HAMILTON. Right. I had to get the crew together.

Mr. KENNEDY. Mr. Juliani, did you fly it to Cuba?

Mr. JULIANI. I went along on the flight; yes, sir.

Mr. KENNEDY. When you arrived in Cuba—in Havana, Cuba—who met you at that time?

Mr. JULIANI. There was a very large crowd at the military field there. The four Americans that met us were Mr. Naiman, Mr. Bartone, Mr. Dranow, and Mr. Triscaro.

Mr. KENNEDY. What occurred after that? You left the plane there, did you?

Mr. JULIANI. Yes, we did.

Mr. KENNEDY. Who was the contact from the Cuban Government?

Mr. JULIANI. Mr. Bartone seemed to be the man who was the contact there.

Mr. KENNEDY. With whom was he in contact with in Cuba?

Mr. JULIANI. Well, specifically he seemed to have very close contacts with William Morgan, who was a leader of the rebels.

Mr. KENNEDY. What is his name?

Mr. JULIANI. William Morgan. I believe it is William Morgan.

Mr. KENNEDY. Did you understand Mr. Morgan originally had come from Cleveland?

Mr. JULIANI. I don't know Cleveland. I had understood that he was from Ohio, I think.

Mr. KENNEDY. Toledo? I guess it was Toledo.

Mr. JULIANI. I think that is it.

Mr. KENNEDY. Had he formerly worked for Mr. Bartone as a driver?

Mr. JULIANI. He told me that he had worked for Bartone in years past.

Mr. KENNEDY. And he was head of the provincial police in Cuba, was he?

Mr. JULIANI. At that time it was rather confused in Cuba. I don't know what he was the head of, except that he had a band of followers and that was a pretty big office in itself in that period.

Mr. KENNEDY. Do we have any background on Mr. Morgan?

TESTIMONY OF WALTER R. MAY—Resumed

Mr. MAY. Yes, sir. He is a major in the Cuban Army.

Mr. KENNEDY. That is the highest rank, is it?

Mr. MAY. Yes, sir. We have a criminal record on Mr. Morgan showing four arrests, convictions for—he was convicted on May 18, 1948,

robbery, Article of War 6993, for which he received 5 years; February 18, 1949, robbery and escaped, sentenced to 3 years; April 22, 1949, robbery and escape, 5 years.

Mr. KENNEDY. Evidently, while he was in jail, he escaped and committed robbery again and escaped again and committed robbery; is that correct?

Mr. MAY. Apparently so.

TESTIMONY OF GORDON HAMILTON AND GERALD B. JULIANI—
Resumed

Mr. KENNEDY. Mr. Hamilton, you left the plane in Cuba; is that right?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. Mr. Juliani?

Mr. JULIANI. Yes.

Mr. KENNEDY. You, yourself, flew back to Miami?

Mr. JULIANI. Yes, and then back to Tucson.

Mr. KENNEDY. Do you know what arrangements were made finally to get the plane from Cuba back to Miami?

Mr. HAMILTON. Our responsibility, or my company's responsibility, was to see that the aircraft was returned, as I had made the arrangements to take the aircraft out of the country on a temporary sojourn; and you, of course, have to bring an aircraft that is out of the country on a temporary sojourn back within 6 months from the time of departure.

So, as we had prepared the temporary sojourn, it was our responsibility to see that it came back. Later on I advised Mr. Naiman of this fact and they secured a crew in Miami, Fla., and brought the airplane back to Miami International.

Mr. KENNEDY. Mr. Bartone contacted you subsequently about taking the plane and making an exhibition flight through south America?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. The next thing you heard was that Mr. Bartone had been arrested?

Mr. HAMILTON. That is right.

Mr. KENNEDY. Mr. Juliani, while you were in Cuba, did Mr. Bartone speak to you about obtaining prices on military armaments and military equipment for planes?

Mr. JULIANI. Yes, he did.

Mr. KENNEDY. What sort of things did he want?

Mr. JULIANI. Well, he was very interested in all the various types of military aircraft that are in storage in Tucson, and wanted to have me furnish him information as to the various types and usages of the various machines that are there.

Mr. KENNEDY. He also wanted the price of turrets and other kinds of armaments?

Mr. JULIANI. Yes.

Mr. KENNEDY. The next thing you heard about the activities of Mr. Bartone was he was arrested?

Mr. JULIANI. That is correct.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you, gentlemen.

Call the next witness.

Mr. KENNEDY. Mr. Emerick.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EMERICK. I do.

TESTIMONY OF CHESTER A. EMERICK

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. EMERICK. Chester A. Emerick. I reside at 4 Spring Hill Court, Chevy Chase, Md. I am Deputy Commissioner of Customs in charge of Division Investigation, Bureau of Customs.

The CHAIRMAN. Proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Emerick, how long have you been with the Bureau of Customs?

Mr. EMERICK. Thirty-nine years.

Mr. KENNEDY. Would you tell the committee what occurred as far as the arrests that were made in Miami, Fla., in connection with the plane that was attempting to take off with armaments for the Dominican Republic?

Mr. EMERICK. This case had its inception during the latter part of March and April of this year. In April, I was advised by the supervising customs agent at Miami, Fla., that a suspected munitions smuggler wanted to bribe him to permit the exportation of arms and ammunition to the Dominican Republic.

The matter was discussed in the Bureau, and it was decided to authorize the agents to proceed with the case, the bribery case. The matter was also cleared with the U.S. attorney at Miami and with the Criminal Division of the Attorney General's Office.

The deal as first presented was alleged to have involved a total shipment of \$1,250,000 worth of arms and ammunition, and that payment would be made to the agents in the amount of \$100,000.

Mr. KENNEDY. That is the agents of the Government?

Mr. EMERICK. The customs agents; yes.

Mr. KENNEDY. To allow the shipment to be made?

Mr. EMERICK. That is right.

The CHAIRMAN. That is a proposed bribe of \$100,000?

Mr. EMERICK. Yes, sir.

However, it developed that the person making the bribe was not in fact the man that was to make the payments. The agents were notified to contact Augusto Ferrando.

Mr. KENNEDY. Spell his name, please.

Mr. EMERICK. F-e-r-r-a-n-d-o, consul general for the Dominican Republic at Miami. This occurred on May 6 in the Dominican consulate, and at that time a \$400 payment was made to the agents, four \$100 bills, as a token payment. It was explained that further payments were to be made as shipments were made.

In the meantime, arms and ammunition began to arrive in Miami, and they were stored at Miami, preparatory to shipment to the Dominican Republic.

Mr. KENNEDY. What period of time is this?

Mr. EMERICK. During the period May 6 to May 20, 1959.

On May 19, another meeting was held in the Dominican consulate office at Miami, and on that occasion Augusto Ferranda paid \$1,000 to the agents, and explained that the shipment to the Dominican Republic of the arms then on hand would be made by vessel within the next day or two, the vessel being a banana boat arriving at Miami in the immediate future.

The payment of \$1,000 was not the amount agreed upon. It had been tentatively agreed that the agents would be paid 20 percent of the value of the shipment. The value of the ammunition alone, which was 200,000 rounds of .45 caliber ammunition, amounted to \$10,000, so an amount of \$2,000 should have been made to the agents in accordance with the agreement.

Ferrando stated that that was the case, and that as soon as the arms and ammunition were aboard the ship, an additional \$1,000 would be paid the agents. On the afternoon of May 21, the agents were contacted by one of the conspirators and told that the method of shipment had been changed. Instead of shipping by water, shipment would be made by air, and that it was necessary for one of the agents to contact the operator of the airplane.

The meeting was arranged for the evening of May 21 at the Dupont Plaza Building, room 1103, Miami, Fla. The person representing himself to be the man in charge or in control of the plane was introduced as Dominick. It later developed that this man's full name was Dominick E. Bartone.

The CHAIRMAN. Is that the Bartone we have been talking about here in this testimony?

Mr. EMERICK. I imagine so, Senator.

Mr. KENNEDY. It is.

The CHAIRMAN. Counsel tells me it is. I was just trying to get the connection.

Mr. KENNEDY. At this juncture, on the 21st, originally it was decided to ship the armaments by boat and then they were told, the agents were told, that it was going to be done by plane and the representative, the person who was going to run or operate the plane, was Dominick. There were introduced to him as Dominick, and you later found out that this Dominick was Dominick Bartone.

He is the one who was going to make the arrangements for the airplane trip.

Mr. EMERICK. Correct. Dominick Bartone stated he had obtained a ferry permit from Miami to Puerto Rico; that the permit was issued by CAA and that he had applied for the permit in order to enable him to land the plane in the Dominican Republic.

The pilot of the plane had been instructed by Bartone to feign engine trouble, to feather the propeller and to make a forced landing in the Dominican Republic. Bartone said he wanted to sell his plane there, that he knew the generalissimo, and that he also wanted to take with him \$65,000 worth of spare parts.

Mr. KENNEDY. The clearance, then, that they achieved or obtained was a clearance to Puerto Rico; is that right?

Mr. EMERICK. That is right. It was merely a CAA ferry permit. That is what it amounted to. It did not require a clearance from cus-

toms or from State or anyone else, going from the States to Puerto Rico.

Mr. KENNEDY. As Bartone explained to your agents, what was going to be done was to feign that there was engine trouble when they got over the Dominican Republic and land the plane in the Dominican Republic?

Mr. EMERICK. That is correct.

Mr. KENNEDY. Was there discussion at that time as to what was going to be done with the airplane?

Mr. EMERICK. There was no discussion. Bartone made the statement that he intended to sell the plane in the Dominican Republic at that time.

Mr. KENNEDY. Did he say what price he expected to get from it?

Mr. EMERICK. No mention was made as to price, according to our office record.

The fellow conspirator insisted that Bartone not ship the spare parts in the plane, but confine the cargo entirely to the arms and ammunition. Bartone was prevailed upon to follow that course, and said that he would load the cargo at the airport the next morning at about 10 a.m.

He also reported that the elevator, the freight elevator, on the Globemaster or the C-74 was not operating, and it would be necessary for him to get a forklift from the American Airmotive Co. He obtained the forklift, and as soon as the CAA inspectors had checked and approved the engines of the airplane, which was about 10:15 a.m. on May 22, the loading of the arms and ammunition was commenced.

As soon as the cargo had been placed aboard the plane, the officers moved in, seized the plane and its cargo, and arrested the persons involved in the violation.

A Federal grand jury at Miami, on June 4, returned a true bill indicting Leonard Trento, Augusto Ferrando, Joseph Liquori, Charles Colle, Dominick E. Bartone, Samuel E. Poole, Jr.—Poole, by the way, was the pilot of the plane—and Sidney Neubauer, for a conspiracy under section 371 of title 18, United States Code, to export arms and ammunition of war in violation of section 1934 of title 22, United States Code, and for bribing officers of the United States in violation of section 201 of title 18, United States Code.

The matter is awaiting trial in Miami at this time.

Mr. KENNEDY. What was being sent? What kind of arms or how much in arms was being sent or being placed on the plane?

Mr. EMERICK. There were 200,000 rounds of .45 caliber ammunition.

Mr. KENNEDY. 200,000?

Mr. EMERICK. 200,000. That was the largest part of the shipment. And 37 M-1 Garand rifles, and 21 machineguns. It was a total weight of 14,000 pounds, approximately.

Mr. KENNEDY. Was there discussion as to who was to receive these arms once they arrived in the Dominican Republic?

Mr. EMERICK. Not to my knowledge; not to my knowledge. There has been some rumor as to what would happen to them, but I haven't any actual evidence or reports on that subject.

I have read in the newspapers that they were going to the Batista faction for the purpose of overthrowing Fidel Castro. But that is strictly newspaper reports.

Mr. KENNEDY. What did Mr. Bartone state as to the disposition of the airplane once it arrived there?

Mr. EMERICK. It was for sale to the Dominican Government.

Mr. KENNEDY. He said, did he not, that if he could get the plane and the rest of the stuff down there, if he could deliver it, that they had agreed to buy the plane, that they would buy the plane?

Mr. EMERICK. Well, words to that effect is my understanding. That is the report I have, yes. I did not, of course, talk to Bartone. All I have is what the reports indicate.

The CHAIRMAN. In this application that Bartone filed, he agreed not to carry any cargo at all?

Mr. EMERICK. That is correct. That is the CAA application for a ferry permit.

The CHAIRMAN. In other words, he claimed the reason he wanted to move the plane was to transport the plane over there?

Mr. EMERICK. That is my understanding, Senator. We have no jurisdiction over moving the planes.

The CHAIRMAN. I understand. But in order to get this permit to take the plane over there, he had to file for this application.

Mr. EMERICK. That is correct.

The CHAIRMAN. And in the application he represented there would be no cargo, other than the crew?

Mr. EMERICK. That is correct.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

Mr. KENNEDY. Could Mr. Constandy place this into the record?

The CHAIRMAN. Mr. Constandy, what do you have before you?

Mr. CONSTANDY. Senator, I have an application for authorization for a ferry permit.

The CHAIRMAN. A photostatic copy?

Mr. CONSTANDY. Yes, a photostatic copy.

The CHAIRMAN. Does it relate to this investigation?

Mr. CONSTANDY. It does. It refers to the aircraft in question, and its proposed flight to San Juan, P.R.

The CHAIRMAN. Is there attached to it a photostatic copy of a letter?

Mr. CONSTANDY. Yes, a photostatic copy of a letter signed by Dominick Bartone, dated May 21, addressed to the Federal Aviation Agency.

The CHAIRMAN. What date is the application?

Mr. CONSTANDY. May 21, 1959, the same date that the letter carries.

The CHAIRMAN. Did you procure these in the course of your investigation of the matter under inquiry?

Mr. CONSTANDY. Yes, Senator, we did.

The CHAIRMAN. They may be made exhibit Nos. 32-A and 32-B.

(Documents referred to were marked "Exhibit Nos. 32-A and 32-B" for reference and will be found in the appendix on pp. 19137-19138.)

Mr. CONSTANDY. I will call attention to the fact that on the authorization application the plane is registered in the name of Akros Dynamics Corp.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Dominick Bartone.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BARTONE. I do.

**TESTIMONY OF DOMINICK BARTONE, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. BARTONE. My name is Dominick Bartone. My permanent address is 25 Lansdowne Road, Toledo, Ohio.

The CHAIRMAN. Do you want to give us your business or occupation?

Mr. ALLDER. May I make a statement at this time, Mr. Chairman?

The CHAIRMAN. You have counsel representing you?

Mr. BARTONE. Yes, sir.

The CHAIRMAN. All right.

Let the record show that Mr. Alder represents the witness.

Proceed.

Mr. ALLDER. Mr. Chairman, this witness is under indictment in the Federal court in Miami, Fla., for conspiracy to defeat the neutrality laws of the United States. He is awaiting trial there. As I have listened to this inquiry this afternoon, any questions asked of him would be concerning exactly what he has been indicted for. Therefore, I ask that under the previous rules of this committee, that this witness be excused at this time until that indictment is disposed of in Miami.

The CHAIRMAN. Mr. Counsel, I will ask you this question. I am not trying to take advantage of the witness. But is he the same Bartone that is indicted down in Florida about which the immediately previous witness just testified?

Mr. ALLDER. Yes, Mr. Senator.

The CHAIRMAN. He is the defendant in that indictment?

Mr. ALLDER. He is, sir.

The CHAIRMAN. Or one of the defendants?

Mr. ALLDER. That is correct, sir.

The CHAIRMAN. Let me ask you this question: I think we have ruled in the past, and I think correctly so, that we shouldn't undertake to compel one under indictment to give testimony that might relate to his defense to the charge against him. I shall not, if the committee agrees with me, do so in this instance.

But there is other testimony here relating to the effort to procure a loan that could be altogether unrelated to the particular offense of the shipping of arms or transporting of arms out of the country. That would be a loan that was sought, according to the testimony, in order to enable the pursuit of an airplane transaction in which this witness was identified as one of those participating in that effort to secure a loan.

Are you willing to testify with regard to the loan as unrelated, or the efforts to secure a loan as unrelated, to the charges of smuggling arms or shipping arms out of the country?

Mr. ALLDER. Mr. Senator, may I say this: He is under indictment for conspiracy, which means anything at all in the way of an overt act to carry forward that conspiracy would be something that would be the subject matter of anything that goes on in his trial in Miami.

In other words, the borrowing of money, any effort to help make arrangements to borrow money, anything whatsoever would be considered part of the conspiracy because the ultimate use of this airplane, according to the theory of the Government's case in Miami, is that the plane was to be used to ship arms to a foreign country in violation of the laws of this country.

Therefore, anything that he would testify to would be directly concerned with that conspiracy. Were it one direct crime that he was charged with, in other words, not conspiracy but a substantive count, then it would be a different situation. But that doesn't exist here.

This is all part and parcel of the scheme that the Government alleges that he was trying to carry forward in Miami.

The CHAIRMAN. I haven't seen a copy of the indictment. Are there any specific allegations in the indictment with respect to their working together or cooperating, conspiring to borrow money to finance the project?

Mr. ALLDER. I don't know that, either, Senator. I couldn't answer that. But we don't always have to have every overt act spelled out in the conspiracy. We don't even have to have all the people named therein. They can say people unknown to the grand jury at the time they returned the indictment.

The CHAIRMAN. The borrowing of money could have been solely for the purpose of financing a legitimate transaction. However, I have no way of knowing that. If it is wholly unrelated to the smuggling of arms, if it is wholly unrelated to that, the indictment would offer him no excuse or justifiable reason for not testifying.

If it is possibly related to that, then the Chair feels constrained to respect the wishes of the witness and his counsel in the matter.

What say you, gentlemen?

Senator ERVIN. I think the Chair is right. I think the counsel stated the correct rule, also.

Senator CURTIS. Yes.

Mr. KENNEDY. As I understand it, then, because of the indictment, and the possibility that this might be a part of the act, an attempted loan from the Teamsters, and Mr. Bartone's visit up in Cleveland, Ohio, with Mr. Naiman, with Mr. Downs after the arrangements had been made by Mr. Triscaro, and the attempted loan here in Washington, D.C., that we should not go into those matters?

The CHAIRMAN. You don't represent him in Miami, I assume.

Mr. ALLDER. No, I do not, Senator. But you are almost putting me in the position of having to tell you how he could be guilty in order not to testify here today. I can assure you as an attorney, from what I do know about it, that he should not at this time discuss any of these matters, because it would, in my opinion, affect his defense to the charge in Miami.

The CHAIRMAN. I can appreciate that it very well may. I am not going to press for it. I wanted to get the record clear because we do establish precedents here as we go along, and someone else might cite something that was said or done here on this day with respect to some future motion that might be made before the committee.

Mr. ALLDER. Yes, sir.

The CHAIRMAN. Without objection, then, the committee will respect the wishes of counsel and his client so far as interrogating him about this matter. I can appreciate that the whole thing may be linked up from start to finish.

If so, any testimony regarding the loan would be pertinent to the charges that are involved in the indictment. We do regret, however, very much that he is not in a position to tell us the story about the loan, because it has been rather intriguing. We would like to have the information.

I expect you know about it, but you have gotten yourself in an awkward situation, legally speaking, where you can't very well talk about it.

Mr. KENNEDY. And also Mr. Triscaro's operation. He doesn't want to discuss that, either?

Mr. ALLDER. No, Mr. Kennedy.

The CHAIRMAN. Is Triscaro indicted with him?

Mr. ALLDER. No, Mr. Chairman, he is not.

The CHAIRMAN. Well, all right. You may stand aside.

Mr. KENNEDY. Who is his attorney in Miami? Mr. Cohen?

Mr. ALLDER. That is correct, Ben Cohen.

Mr. KENNEDY. I might say Mr. Ben Cohen, who I understand also does work for the Teamsters down there, has just received a \$2 million loan from the Teamsters welfare fund.

The CHAIRMAN. Well, we are in the wrong business here, some of us, to make money.

Call the next witness.

Mr. KENNEDY. Mr. Louis Triscaro.

The CHAIRMAN. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TRISCARO. I do.

TESTIMONY OF NUNZIO LOUIS TRISCARO, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. TRISCARO. My name is Nunzio Louis Triscaro. I live at 29299 Gatesville Boulevard, in Cleveland, Ohio.

The CHAIRMAN. Is that all of your answer?

(The witness conferred with his counsel.)

The CHAIRMAN. Is that all of your answer?

Mr. TRISCARO. Yes, sir.

The CHAIRMAN. Have you got any business or occupation?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Do you have counsel representing you?

Mr. TRISCARO. I do.

The CHAIRMAN. Let the record show that Mr. Alder appears as counsel for the witness.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Triscaro, can you give us any information in connection with these arms shipments to the Dominican Republic?

(The witness conferred with his counsel.)

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Let me ask you: Are you a member of a labor union?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Are you an officer of this local 436?

Mr. KENNEDY. President of the Excavating—

The CHAIRMAN. I wanted the name to refresh my memory. We have a photostatic copy of a check from this morning which was identified. The check is dated May 21, 1959, in the amount of \$139.75, made payable to the Eden Roc Hotel. Apparently it bears your signature as president of Local No. 436, Excavating, Building Materials, Construction Drivers & Racetrack Employees.

I present to you this check, which is a part of exhibit No. 27, and ask you to examine it and state if you identify it as a photostatic copy of the original check, and if that is your signature.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you examined the exhibit the Chair presented to you?

Mr. TRISCARO. Yes; I have.

The CHAIRMAN. Do you see anything about it that is familiar? Can you identify it for us?

Mr. TRISCARO. I respectfully decline to answer the question because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Well, according to that document, you are president and you signed the check as president of that local.

Do you want to state whether you are ashamed to acknowledge that you are an officer in that local?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Well, it is becoming a pretty common thing among some unions for their officers to take a position that they can't acknowledge they have anything to do with the union without possible self-incrimination.

Surely you don't want to give the impression that it is a criminal organization, do you?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Proceed.

Are you willing to deny that you are the president of that local?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Without your denying it, on the basis of other proof before the committee, you will be treated for the purposes of this hearing as president of that local.

Proceed.

Mr. KENNEDY. Mr. Chairman, according to our information, he is president of the Excavating, Building Material and Construction Drivers and Racetrack Employees, Local Union 436 of the Teamsters, and also vice president of the Ohio Conference of Teamsters.

Isn't that correct, Mr. Triscaro?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. We had had him appear before the committee at a prior hearing and developed the fact that he declared in his income tax returns in 1957 over \$100,000, most of it coming from trucking companies, and a number of those trucking companies being operated nonunion.

Could you tell us about that, Mr. Triscaro?

Mr. TRISCARO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Another one of the trucking companies is operated by his family, and by Mr. Triscaro's brother and his wife, isn't that correct, and that company has no contract with the Teamsters Union?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Those companies are Pettibone, Shaker & Valley; they have no contracts with the Teamsters Union.

In 1957 he had an income of \$132,000, and as I say, most of it coming from trucking companies, and most of those trucking companies being nonunion. The union is just good for other people, is that right, Mr. Triscaro?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. According to our information, you went to Cuba on February 18 and stayed until February 21, and you were back on March 18 and stayed to March 22, and went back on March 30 and stayed until April 4; is that correct?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. That was all in connection with this airplane, was it not?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And you made the arrangements with Mr. Hoffa in connection with trying to obtain a loan from the Teamsters Union for this company, did you not?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And you came here and visited with Mr. Hoffa in Washington on several occasions in connection with this loan, did you not?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Most of the time as a union official this year you have been vacationing in Florida, have you not, Mr. Triscaro?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Constandy, what do the records show as to what the union has paid to Mr. Triscaro in Florida this year?

Mr. CONSTANDY. So far as we have been able to determine, this far into 1959 the hotel charges alone in Miami amount to \$3,879.03.

Senator CURTIS. Who was that paid by?

Mr. CONSTANDY. These funds were paid out of the union treasury of local 436.

Senator CURTIS. And whose signature is necessary in order to make such payments?

Mr. CONSTANDY. The signature of the president, Mr. Triscaro, and I believe the secretary.

Mr. KENNEDY. I would like to point out, Senator, this once again is a case in point. We had Mr. Triscaro appear before the committee last year, and we showed that he had received this money from trucking companies which were operated nonunion. We showed the fact that \$1,500 of union funds were used to buy an awning for Mr. Triscaro's home, and nothing was done about the matter. We showed that he had a criminal record and nothing was done about the matter. Mr. Hoffa immediately after the hearing went out and made a speech on behalf of Mr. Triscaro and Mr. William Presser. Then, in 1959, Mr. Triscaro has not spent his time with his union, but he spends most of the time down in Florida, and at the time the Teamsters Union pays all of the bills.

This isn't a labor organization that you and Mr. Hoffa and the rest of you are running; is it, Mr. Triscaro?

Mr. TRISCARO. I decline to answer because I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. You have no more interest in a labor organization, and all you are doing, and Mr. Hoffa and the rest, is to operate the union for yourself and for your friends and associates, and there is not interest in the laboring man. Isn't that right, Mr. Triscaro?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Would you give us the details on those trips down to Florida?

Mr. CONSTANDY. The first trip was the one about which Mr. Burris testified this morning, and he went on February 11. Mr. Triscaro, together with Mr. Naiman and Mr. Herbert Burris, traveled to New York and then on the 12th to Miami, Fla. That isn't the first one, and let me correct that.

On January 26, 27, and 28 Mr. Triscaro stayed at the Eden Roc Hotel in Miami Beach, Fla., and then there was the trip with Mr. Burris and Mr. Naiman which lasted until the 15th. On the 16th he went from Cleveland to Washington and back to Cleveland again in connection with the matter we had earlier.

On the 18th he traveled from Cleveland to Havana with Mr. Naiman, and Mr. Dranow, and Mr. Bartone, where he remained until the 21st of February. On that date, there is a charge at the Eden Roc Hotel of \$118.19 which is solely for food and drink.

On the 22nd Mr. Triscaro registered at the Eden Roc Hotel where he remained until March 13, and the bill there amounting to \$2,555.48.

Mr. KENNEDY. What was the period that he was there?

Mr. CONSTANDY. From February 22 until March 13 on that occasion.

Mr. KENNEDY. And then he came back there?

Senator CURTIS. Mr. Triscaro, were you on union business at the time that you incurred these expenses that the staff has just now read into the record?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Are you still a member of the union?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Do you receive a salary from the Teamsters?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. That bill of \$2,555.48 at Eden Roc Hotel is from February 22 to March 13, and again from March 26 to May 13, that the union paid?

Mr. CONSTANDY. That is right.

Senator CURTIS. I will ask you something else. This income referred to as being in your income tax return, received from trucking companies, what was that for?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Did anybody else get any part of it?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Have you paid any sums to any other Teamster officials?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Has your practice in handling Teamster affairs been the regular practice?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. That is all, Mr. Chairman.

TESTIMONY OF JOHN P. CONSTANDY—Resumed

Mr. KENNEDY. Mr. Constandy, isn't it correct when Mr. Triscaro arrived down in Miami the first time, with the Burris', that shortly after arrival he made a telephone call to Mr. Hoffa?

Mr. CONSTANDY. He checked in the evening of the 12th, at 6:48 p.m., and at 9:14 the following morning, on February 13, he called Mr. Hoffa at Mr. Hoffa's unlisted number at the Teamster headquarters.

Mr. KENNEDY. Could you tell us what you said to him?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Tell us what Jimmy said then. That wouldn't incriminate you.

Mr. TRISCARO. I refuse to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Oh, no, I am asking you what Mr. Hoffa said, and not what you said.

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. CONSTANDY. On the occasion of the visit from February 22 to March 13, on February 24 he called Mr. Naiman in Cleveland, and on the 26th he called Mr. Roy Williams, another Teamster official in Kansas City, and a trustee for the pension fund, and on the 27th he again called Mr. Naiman, and in addition on that date he called Mr. Gordon Hamilton at the Hamilton Aircraft Corp. in Tucson, Ariz.

On February 28 he placed a call to Las Vegas, Nev., person-to-person to Mrs. Benjamin Dranow. On March 2 he called Havana, Cuba, and on March 3 he called to the telephone listed to Mr. S. George Burris, in New York City, and then on the 10th of March he placed two calls to Mr. Gene SanSocci, another Teamster Union official, and I believe another member of the trustees of the pension fund.

On the 11th of March, he again called Mr. Jimmy Hoffa, then at the Shorelands Hotel, in Chicago.

On the 18th of March, he traveled from Cleveland to Miami, and again to Havana, this time in the company of Mr. Dranow and Mr. Naiman and Mr. Bartone, returning on the 22d from Havana.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. We have the record that he twice traveled to Miami to visit with Mr. Bartone; is that right?

Mr. CONSTANDY. Yes, and on one occasion visiting Mr. Bartone at the Eden Roc Hotel.

On May 28 he checked into the room that was then occupied by Mr. Bartone and spent the night with him at the same room, and the bill for that visit was charged to Mr. Bartone's bill.

Mr. KENNEDY. What is the significance of that date?

Mr. CONSTANDY. It followed by, I believe, 3 days the arrest of Mr. Bartone.

Mr. KENNEDY. Just once again to show the fact of the tie-in with the underworld, here is this individual, Mr. Triscaro, goes down and participating in all of these arrangements and then with Mr. Bartone. Even if we say he didn't know anything about it, Mr. Bartone was arrested with the plane at the time that they were loading the arms, and who appears down in Miami, Fla., 3 days later, after Mr. Bartone has been arrested, and stays in his room with him but Mr. Triscaro?

The CHAIRMAN. Do you want to deny that? I don't think a denial would incriminate you.

Mr. ALLDER. Mr. Kennedy, I think Mr. Constandy said 3 days before, and I may be wrong.

Mr. CONSTANDY. I think the fact is that he traveled on the 28th and remained through the 29th of May, and Mr. Bartone was arrested, I believe, on May 23, and it would be 5 days following the arrest.

Mr. KENNEDY. It is 5 days after the man is arrested. Even if we say that he didn't know anything about it afterward, at least Mr. Bartone was arrested in connection with this, and arrested out at the plane putting the arms aboard, and then a Teamster Union official comes down to stay with him five days later and stays in the hotel room with him.

The CHAIRMAN. Do you want to make any explanation of it?

**TESTIMONY OF NUNZIO LOUIS TRISCARO, ACCOMPANIED BY
COUNSEL, H. CLIFFORD ALLDER—Resumed**

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

Senator ERVIN. Mr. Chairman, it is evident here that you have a union official who professes to help build up the union, and to take salaries and expense allowances for so doing, and while he is ostensibly building up the union he is also taking remuneration from trucking companies in which he has an interest which refuse to be unionized.

So about the most charitable construction to place on this witness' conduct is to say that he is like the man that put vitamins in his liquor so he could build himself up while he was tearing himself down. With one hand he helps to build up the union and gets compensation for doing it, and on the other hand he tears down the union cause and gets compensation for doing that.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Maybe we could put this record that Mr. Constandy read from, giving the chronological movements of Mr. Triscaro during that period of time, into the record. It would be helpful.

The CHAIRMAN. It may be inserted in the record at this point.

(The material referred to follows:)

CHRONOLOGY

On February 11, 1959, Alvin Naiman of Akros Dynamics met in "Babe" Triscaro's union office in Cleveland with Triscaro and Herbert Burris to review the Akros situation.

On February 9, 2 days before this meeting, James Hoffa called WE 1-7630, listed to Teamster Local 410 in Kansas City, Mo., at 3:25 p.m. and spoke to Roy Williams. (Williams is a trustee of the Central States Pension Fund.)

On the same day, February 9, at 4:10 p.m., Hoffa called CR 4-4083 listed to Mrs. Stella Dranow, 9649 West Olympic Boulevard, Beverly Hills, Calif., and spoke to Benjamin Dranow.

That same night, February 9, Triscaro attempted to take a flight from Cleveland to Washington. The flight was canceled. The following day, February 10, 1 day before the Naiman-Triscaro-Burris meeting in Cleveland, Triscaro did go from Cleveland to the Teamster Building in Washington. (His out-of-pocket expenses for February 9 and 10 in connection with the trip were later reimbursed by Naiman.)

On the same day, February 10, Dranow using the name Morris, from the Teamster Building in Washington called S. George Burris at 2:47 p.m.; and at 3:20 p.m. someone from the Teamster Building called Naiman's company in Cleveland.

On February 11, Naiman, Triscaro, and Herbert Burris flew to New York City where they reviewed the Akros Dynamics situation with S. George Burris, and on the following day, February 12, 1959, the four of them flew from the Newark Airport to Miami.

On that day, February 11, two calls were placed from the telephone of Abe Weinblatt, Miami Beach, Fla., one to Newark Airport and one to the I.B.T., Washington, D.C. (Dranow, while in Miami frequently used Weinblatt's telephone.)

Triscaro, Naiman, and the two Burrises checked into the Montmartre Hotel, Miami Beach, on the evening of February 12 and that evening Dranow, Triscaro, and Naiman had dinner together at Gray's Inn.

The following morning, February 13, Triscaro called person to person from the hotel at 9:14 a.m. to James Hoffa at the IBT Building in Washington.

Also on February 13, the two Burrises, Naiman, Triscaro, and Dranow met in Miami Beach and discussed turning Akros Dynamics over to Dranow. Later the same day, at the insistence of Dranow, Naiman flew to Cuba to check with Dominick Bartone on the sale of the C-74 airplanes to the Cuban Government.

A call was again placed from Weinblatt's telephone to the IBT Building in Washington.

On February 14, Naiman returned to Miami Beach where he signed an agreement drawn up by Herbert Burris, which turned over Akros Dynamics to Herbert Burris, as nominee for Dranow. The agreement was signed by Triscaro as witness.

On February 15, Naiman and Triscaro returned to Cleveland.

On the following day, February 16, Triscaro again went from Cleveland to Washington, D.C. (with his out-of-pocket expenses later being reimbursed by Naiman).

On the same day, February 16, Dranow, using the name Morris, called E. George Burris from the Teamster Building in Washington.

The next day, February 17, 1959, James Hoffa from the Woodner Hotel called Triscaro in Cleveland at 7:55 a.m. and someone from the Teamster Building in Washington called S. George Burris at 2:05 p.m. and again at 2:20 p.m.

On February 19, 1959, Dranow, Bartone, Triscaro, and Naiman flew to Cuba in connection with the proposed sale of the C-74's to the Cuban Government. That same day James Hoffa called the office of George Burris.

February 21, Dranow, Triscaro, and Naiman returned from Cuba. Naiman went back to Cleveland and Triscaro stayed at the Eden Roc Hotel, Miami Beach, until March 13, 1959.

February 24, Triscaro from Miami Beach, called Naiman in Cleveland at 3:23 p.m.

On February 27, Triscaro from Miami Beach called Gordon Hamilton of the Hamilton Aircraft Co. in Tucson, Ariz., in relation to the delivery of a C-74 aircraft to Havana, Cuba.

Triscaro called Mrs. Benjamin Dranow at Las Vegas, Nev., on February 28, 1959, from the Eden Roc.

On March 1, Naiman went to Cuba. Triscaro called Havana, Cuba, at 11:50 a.m., March 2.

March 3, Triscaro called S. George Burris in New York at 9:50 a.m. That same day Naiman returned to Miami from Havana, and Dranow, using the name Morris called the Woodner Hotel in Washington, D.C., from Weinblatt's telephone in Miami Beach at 10:50 p.m. (The call was charged to the Teamsters.)

Dranow again called the Woodner Hotel in Washington D.C., collect, at 8:30 a.m., March 10, again placing the call from Weinblatt's telephone and using the name Morris. That same day at 1:40 p.m., and again at 4:10 p.m., Triscaro from Miami Beach called Gene San Souci at the Shorelands Hotel, Chicago. (San Souci is a trustee of the Central States Pension Fund.)

On March 11, at 9:42 p.m., Triscaro called James Hoffa at the Shorelands Hotel, Chicago, Ill.

Triscaro, Naiman, Bartone, and Dranow all met the C-74 when it arrived in Havana, Cuba, on March 21, 1959. All but Bartone returned to the United States. On March 22, Triscaro and Naiman going thereafter to Cleveland. The following day, March 23, Dranow, using the name Morris, and calling from Weinblatt's telephone in Miami Beach, made three collect calls to the Woodner Hotel, Washington, D.C., at 6:38 p.m., 8:49 p.m., and 10:17 p.m. Thereafter, at 10:55 p.m., James Hoffa called from the Woodner Hotel to Babe Triscaro in Cleveland.

Dranow made a collect call at 8:49 the following day, March 24, to the Woodner Hotel, again using the name Morris and Weinblatt's telephone in Miami Beach.

He called again, similarly, at 9:49 p.m. Earlier that day Naiman had sent Dranow a telegram regarding past due freight charges owing by Akros.

On March 26, Naiman, in Cleveland, called Weinblatt in Miami Beach at 1:43 p.m. Weinblatt called him back, collect, at 4:49 p.m., and James Hoffa called Weinblatt's telephone at 8:46 a.m.

On March 27, 1959, someone from the Teamster Building in Washington called George Burris at 9:35 a.m. and Cal Kovens Construction Corp. in Miami Beach at 9:40 a.m. Dranow, from the Teamster Building, using his own name, called Mr. Lewis of the Pan American Bank of Miami at 10:05 a.m. and Alvin Naiman in Cleveland at 10:12 a.m. At 10:20 a.m., Dranow, using the name Morris, still calling from the IBT, called Mr. Wenger of the accounting firm of Mark and Wenger in New York City. At 10:35 a.m., someone from the IBT again called Cal Kovens Construction Corp. in Miami Beach. Naiman, in Cleveland, at 10:48 a.m. called Weinblatt in Miami Beach and at 11:29 a.m. Dranow called

Mr. Lewis at the Pan American Bank of Miami from the IBT office. At 1 p.m. someone from the IBT called George Burris in New York City.

On the same day, March 27, Dranow, using the name Morris, called from the Teamster Building in Washington to Louis Triscaro at the local 436 office in Cleveland at 2:40 p.m. Naiman, thereafter, at 3:59 p.m. and at 4:40 p.m. called from Cleveland to Mr. Lewis of the Pan American Bank of Miami and at 5 p.m. called Dominick Bartone in Toledo, Ohio.

The next day, March 28, Dranow sent \$3,800 and Naiman sent \$2,200 to Mr. Lewis of the Pan American Bank as part payment of the freight charges owed by Akros Dynamics.

March 30, Naiman and Triscaro went from Cleveland to the DuPont Plaza Hotel, Miami, where they joined Bartone. That same day, together with Mr. Lewis, all flew to Havana in connection with the sale of planes to the Cuban Government.

On April 1, the Cuban Government announced its intention to purchase from 4 to 10 C-74's.

April 4, Naiman and Triscaro returned to Miami, then flew to Cleveland. While in Miami Beach, Naiman took back part of the Akros papers and records from Abe Weinblatt.

On April 9, Naiman in Cleveland called Bartone in Miami at 8:00 a.m., Mr. Lewis at the Pan American Bank at 12:14 p.m., and Weinblatt in Miami Beach at 4:42 p.m. Hoffa, on this date, and from his private phone at the Woodner Hotel called Triscaro in Cleveland at 10:15 p.m., and Roy Williams in Lonejack, Mo. at 11:15 p.m. and again at 11:50 p.m.

On the next day, April 10, Naiman, from Cleveland, called the IBT headquarters in Washington, D.C., where he spoke with Triscaro.

April 13, Naiman and Bartone went to the Real Estate Research Corp., Chicago, to speak to Mr. James C. Downs about a loan from the Teamsters pension fund.

Downs called Hoffa, April 13, and Hoffa returned the call at 11:55 a.m. Naiman, following the meeting, called the Pan American Bank of Miami and that day flew to Miami. That night Dranow, using the name Morris, called the Woodner Hotel, Washington, collect and spoke for 9 minutes.

On April 21, Triscaro went to Miami and stayed with Bartone at the DuPont Plaza Hotel. On April 24, Downs wrote the Screening Committee of the Central States Fund to inform it that he did not think Naiman's security for the loan was sufficient to warrant granting the loan.

On May 1, Naiman and Triscaro traveled to Washington to discuss the loan with James Hoffa. Present also was Gene San Soucie. Hoffa called Downs in their presence with Naiman on the extension telephone.

May 4, Triscaro returned to Miami where he stayed at the Eden Roc Hotel until May 8. While there, on May 5, he called Gene San Soucie in Indianapolis and James Hoffa in Washington, D.C.

About May 26, Downs learned from Francis Murtha, secretary of the Central States Pension Fund, that the trustees were being circularized by telegram for approval of Naiman's loan. Neither know who initiated the telegrams.

Gene San Soucie sent Murtha a telegram May 26, approving the loan for himself and on behalf of James Hoffa.

May 22, Bartone and others were arrested in Miami, Fla., charged with conspiracy to export munitions illegally and to bribe Federal officers.

Downs dictated a letter to Hoffa May 26 indicating the terms under which he would approve the loan.

On May 28 Triscaro went to Miami and stayed in the same room at the Eden Roc Hotel with Bartone until May 29.

On June 4, Hoffa from Washington, called Downs' office in Chicago at 9:50 a.m. and spoke to Mr. Lieberman. At 10:12 a.m. Hoffa called Francis Murtha, secretary of the Central States Pension Fund.

On June 5, 1959, Murtha circularized the trustees of the pension fund for their approval of Naiman's loan.

June 9, Hoffa called, from the IBT Building in Washington, to Downs at 9:40 a.m. and Murtha at 2:50 a.m. Murtha, at about 4 p.m., told staff members that he had that day received telegrams from the trustees indicating that Naiman's loan had been approved.

At 3:04 p.m. the same day, Gene San Soucie called Naiman in Cleveland from the IBT Building in Washington.

On Friday, June 12, at 12:20 a.m., James Hoffa called Stanford Clinton, attorney for the Central States Pension Fund.

The following Monday, June 15, Stanford Clinton told Naiman the loan had been rejected.

The CHAIRMAN. Is there anything further of this witness?

Mr. KENNEDY. That is all.

The CHAIRMAN. Have you any statement you wish to make?

Mr. TRISCARO. I decline to answer because——

The CHAIRMAN. I don't care whether you make it or not.

Mr. TRISCARO. No. No, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. You wouldn't tell us anything about Benjamin Dranow, Mr. Triscaro?

Mr. TRISCARO. I decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, could I call Mr. Bellino?

We have not been able to check all the records of Mr. Bellino, but I would like to give what we have been able to find out.

The CHAIRMAN. Come forward, Mr. Bellino.

You have been previously sworn?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Proceed.

TESTIMONY OF CARMINE S. BELLINO—Resumed

Mr. KENNEDY. Have you reviewed the records we can obtain regarding the financial transactions of Mr. Dranow?

Mr. BELLINO. We have been attempting to get all the bank accounts possible throughout the country in which Benjamin Dranow has had an account. We find that from 1954 through 1959 in 10 different accounts he has deposited a total of \$2,944,000.

The CHAIRMAN. What period of time?

Mr. BELLINO. 1954 through the present time.

The CHAIRMAN. How much?

Mr. BELLINO. \$2,944,000.

The CHAIRMAN. Just a moment. What is the source of that income? Do you have anything to indicate that?

Mr. BELLINO. That is what we are trying to find out. There is a lot of tracing we are trying to do. We have not completed it yet.

The CHAIRMAN. What is his known business, if he has any?

Mr. BELLINO. His only known business originally was the John W. Thomas Department Stores. After that he has been in everything and anything he could get in.

The CHAIRMAN. He got into that business with a loan from Jimmy Hoffa?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. What I am getting at is this \$2,944,000 was not a part of the receipts from that store?

Mr. BELLINO. No, sir.

The CHAIRMAN. They are not sales receipts in that store?

Mr. BELLINO. No, sir.

The CHAIRMAN. This is individual, aside from the store?

Mr. BELLINO. His own individual accounts, yes, sir, aside from the store. Not the Thomas Department Store accounts.

The CHAIRMAN. How many different banks have you found this much in?

Mr. BELLINO. We have 10 different banks in which they are in his own name, and then we have 4 in which various companies, such as Union Land & Home Co., has had accounts.

The CHAIRMAN. Are you satisfied that you have found all of them yet?

Mr. BELLINO. No, sir. Every day we are coming up with another one.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, we weren't able to get to the Svirskys yesterday, and I think that should be reasonably short.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Svirsky.

The CHAIRMAN. Come forward, please.

Mr. KENNEDY. Come forward, please.

The CHAIRMAN. Let the two witnesses be sworn.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SAMUEL SVIRSKY. I do.

Mr. SEYMOUR SVIRSKY. I do.

TESTIMONY OF SAMUEL SVIRSKY AND SEYMOUR SVIRSKY, ACCOMPANIED BY COUNSEL, JAMES J. BIERBOWER

The CHAIRMAN. Beginning on my left, the witness on my left, will you please state your name, your place of business, your residence, and your business or occupation?

Mr. SAMUEL SVIRSKY. My name is Samuel Svirsky.

The CHAIRMAN. What is your name?

Mr. SAMUEL SVIRSKY. Samuel Svirsky, S-v-i-r-s-k-y.

The CHAIRMAN. Samuel Svirsky. What is your address?

Mr. SAMUEL SVIRSKY. 1589 West Sixth Street, Brooklyn.

The CHAIRMAN. What is your business or occupation?

Mr. SAMUEL SVIRSKY. Manufacturer of men's and boys' clothing.

The CHAIRMAN. Thank you very much.

Now, will you give us your name, your address, and your business?

Mr. SEYMOUR SVIRSKY. Seymour Svirsky, 108 Fifth Avenue, and the business is men's clothing.

The CHAIRMAN. You have the same counsel, do you?

Mr. SAMUEL SVIRSKY. I do.

The CHAIRMAN. Please identify yourself for the record.

Mr. BIERBOWER. James J. Bierbower, of Washington, D.C.

Mr. KENNEDY. You and your father were engaged in the operation of the Svirsky Clothing Co.?

Mr. SEYMOUR SVIRSKY. Yes.

Mr. KENNEDY. Until the company went into liquidation in the latter part of July 1958?

Mr. SEYMOUR SVIRSKY. Yes, sir.

Mr. KENNEDY. You generally handled most, if not all, of the activities with relation to the Teamster jackets?

Mr. SEYMOUR SVIRSKY. Yes, sir.

Mr. KENNEDY. How did you first hear about the Teamster jackets?

Mr. SEYMOUR SVIRSKY. It was introduced to us through one of our cutters.

Mr. KENNEDY. Who was that?

Mr. SEYMOUR SVIRSKY. Mr. Dranow. He was introduced through a cutter who introduced us to an accountant who introduced us to Mr. Dranow.

The CHAIRMAN. Is this the same Dranow who deposited \$2.9 million in the last 4 years?

Mr. SEYMOUR SVIRSKY. I am not sure, but I believe so.

The CHAIRMAN. What about that, Mr. Bellino? Is it the same?

Mr. BELLINO. The same Dranow.

The CHAIRMAN. He is doing a lot of "draining" from some source.

Proceed.

Mr. KENNEDY. Mr. Svirsky, what arrangements, or what did he state to you at that time?

Mr. SEYMOUR SVIRSKY. We had a mutual understanding that we would have a 5 percent commission on the Teamster jacket deal.

Mr. KENNEDY. That you would pay him a 5 percent commission?

Mr. SEYMOUR SVIRSKY. But there was nothing in writing, just a mutual undersanding.

Mr. KENNEDY. That you would give him a 5 percent commission?

Mr. SEYMOUR SVIRSKY. Yes.

Mr. KENNEDY. And that he in turn would arrange for you to make some of the Teamster jackets?

Mr. SEYMOUR SVIRSKY. We would arrange to make the Teamster jackets.

The CHAIRMAN. What were they to sell for?

Mr. SEYMOUR SVIRSKY. Do you mean wholesale or retail?

The CHAIRMAN. What were you to get for them? I am trying to determine how much you would pay a commission on for each jacket?

Mr. SEYMOUR SVIRSKY. Five percent.

The CHAIRMAN. Of what?

Mr. SEYMOUR SVIRSKY. Of \$12.75. I am sorry.

Mr. KENNEDY. You paid to Mr. Dranow a total of some \$17,100 and he repaid on a loan \$3,000; is that correct?

Mr. SEYMOUR SVIRSKY. That is to my knowledge. That sounds right.

Mr. KENNEDY. You have gone over these figures with Mr. Bellino?

Mr. SEYMOUR SVIRSKY. Yes, that is about right. I believe so.

Mr. KENNEDY. The checks started to Mr. Dranow on March 11, 1958, and continued through—we have the checks here—July of 1958?

Mr. SEYMOUR SVIRSKY. That is right, sir.

Mr. KENNEDY. March 11 is the first one.

The CHAIRMAN. This percentage commission, that meant that he got 63 cents or nearly 64 cents on each jacket?

Mr. SEYMOUR SVIRSKY. Whatever it amounts to on 5 percent, sir.

The CHAIRMAN. 63.75 cents according to my calculation.

Mr. KENNEDY. Let us find out, Mr. Bellino, how much it shows that Dranow got in connection with this jacket operation, completely.

Mr. BELLINO. Dranow has received a total in checks with the jacket operation, of \$74,170.22.

The CHAIRMAN. Who? How much?

Mr. BELLINO. \$74,170.22.

The CHAIRMAN. Do you mean he got that much on the jackets that they have bought so far?

Mr. BELLINO. From the Simon Cohen-owned companies and Svirsky Clothing combined he got a total of approximately \$75,000.

The CHAIRMAN. That was his commission on this jacket deal that you have been able to trace?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Do you know why it was the Teamsters gave this arrangement to Benjamin Dranow?

Mr. SEYMOUR SVIRSKY. I don't know that, sir.

Mr. KENNEDY. Did he ever tell you who he was friendly with in the Teamsters Union?

Mr. SEYMOUR SVIRSKY. The only thing I know is he gave me an order and I didn't take the order until I got a deposit, and then I got a \$5,000 deposit and then I knew it was an order.

The CHAIRMAN. Were you a little suspicious before you got your deposit?

Mr. SEYMOUR SVIRSKY. Well, a man offers you a lot of coats. You feel you want a little security.

The CHAIRMAN. A little security. You didn't know him before that time?

Mr. SEYMOUR SVIRSKY. No. I never met him before this time.

The CHAIRMAN. You were dealing with a stranger?

Mr. SEYMOUR SVIRSKY. An absolute stranger to me.

The CHAIRMAN. And you wanted some evidence of good faith?

Mr. SEYMOUR SVIRSKY. Right, sir.

Mr. KENNEDY. On the \$75,000, we should make sure the record is complete about it. I would like Mr. Bellino to make a statement.

Mr. BELLINO. The \$75,000 is money received from Simon Cohen, but it also includes the so-called purchase of the John W. Thomas Department Store stock which he claimed he paid \$50,000 for.

Mr. KENNEDY. And then sold it 3 months later for a dollar.

You have included that in the \$75,000?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Other than that, it would be about \$25,000?

Mr. BELLINO. If we treated that as commissions. Actually it was all given to him during the time of this project, but he offset it against the stock which I think probably legally he could have avoided if he wanted to.

The CHAIRMAN. All right. Go ahead.

Mr. KENNEDY. Clear-cut it would be \$25,000 with another \$50,000.

The CHAIRMAN. But he actually got in addition to that all of the stock of this company.

Mr. BELLINO. Yes, sir.

The CHAIRMAN. And later when the company went broke, he sold it for a dollar.

All right.

Mr. KENNEDY. Can we get these checks into the record?

The CHAIRMAN. What checks have you?

What have you, Mr. Bellino?

Mr. BELLINO. We have a batch of checks from Svirsky Clothing Co., all of which are payable either to Benjamin Dranow directly or at Ben Dranow's request to Banner Material Supply Co., or the check was issued to purchase a Western Union money order which would be sent to persons designated by Benjamin Dranow.

The CHAIRMAN. Is that the way you handled this matter?

Mr. SEYMOUR SVIRSKY. Yes, sir.

The CHAIRMAN. Is that the way you paid the commissions to him?

Mr. SEYMOUR SVIRSKY. Yes, sir.

The CHAIRMAN. I will ask you to casually, but sufficiently to satisfy yourself, to examine some of these checks, photostatic copies of checks, and see if you identify them as photostatic copies of checks you gave in payment of commissions to Mr. Dranow or gave to others at his request in payment of commissions that he earned under your agreement.

(The documents were handed to the witness.)

The CHAIRMAN. You don't have to look at each one. Just satisfy yourself.

Mr. SEYMOUR SVIRSKY. Do you want me to look at each one?

The CHAIRMAN. Just satisfy yourself that they appear to be the checks that you gave.

Mr. SEYMOUR SVIRSKY. Yes, sir.

The CHAIRMAN. They do appear to be?

SEYMOUR SVIRSKY. Yes.

The CHAIRMAN. They may be made exhibit No. 33.

(Checks referred to were marked "Exhibit No. 33" for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. Just to indicate the operation, Mr. Chairman, would you ask him if he would identify this check?

The CHAIRMAN. Now I present to you another check, a photostatic copy of a check; it appears to be in the amount of \$3,450, dated August 27, 1958. I wish you would examine it and state if you can identify it and give us an explanation of it.

(The document was handed to the witness.)

Mr. SEYMOUR SVIRSKY. This was a check that I deposited in my account to meet a note of Ben Dranow's for \$3,450.

The CHAIRMAN. A check you deposited how?

Mr. SEYMOUR SVIRSKY. In my own bank account to meet a note of Ben Dranow's.

The CHAIRMAN. To meet a note of Ben Dranow's?

Mr. SEYMOUR SVIRSKY. Yes.

The CHAIRMAN. In other words, you paid off a note for him?

Mr. SEYMOUR SVIRSKY. Yes.

The CHAIRMAN. And that check is a part of his commissions?

Mr. SEYMOUR SVIRSKY. You can consider it, sir.

The CHAIRMAN. Well, is that charged against his commissions?

Mr. SEYMOUR SVIRSKY. This is my personal, but you can consider it a commission.

The CHAIRMAN. Was it over and above the commission?

Mr. SEYMOUR SVIRSKY. No. This is in the figure that Mr. Bellino has.

Mr. KENNEDY. It is included.

The CHAIRMAN. It is included?

Mr. SEYMOUR SVIRSKY. Yes, it is in the figure, sir.

Mr. KENNEDY. The only point is that that and these other checks is the way Mr. Dranow operated. Ordinarily, somebody coming in there and making a survey of the books would not know that this was part of the commission to Benjamin Dranow. This was a check that went into his own bank account to discount a note of Benjamin Dranow.

It came from him personally, not from the company.

The CHAIRMAN. That check may be made exhibit No. 34.

(Check referred to was marked "Exhibit No. 34" for reference and will be found in the appendix on p. 19139.)

Mr. KENNEDY. Mr. Bellino will explain another one of these transactions.

Mr. BELLINO. This involved the Town & Travel Casuals, and they issued a check to Sidney Schuster on March 21 for \$3,500.

Mr. KENNEDY. Who is he?

Mr. BELLINO. A brother-in-law of Simon Cohen.

The CHAIRMAN. Who is Simon Cohen?

Mr. BELLINO. Simon Cohen, of Town & Travel Casuals. They are another company that handled the Teamster jackets.

The CHAIRMAN. From which he also got a commission?

Mr. BELLINO. Yes, sir. When he paid it to Schuster, Schuster deposited it in his account and then issued one check direct to Benjamin Dranow for \$1,000 and a second check payable to S. & A. the balance of \$2,500.

Then S. & A. Diamond Furs turns around and issues their check payable to the Bankers Trust Co. and they wire to Benjamin Dranow the balance of \$2,500.

The CHAIRMAN. In other words, there was a manipulation to try to conceal the true transaction.

Mr. BELLINO. That is right, that there was a commission payment.

The CHAIRMAN. That is what appears on the face of it?

Mr. BELLINO. Yes, sir.

The CHAIRMAN. Those documents, the checks you have just referred to, may be made exhibits 35-A, 35-B, and 35-C, in the order of their dates.

(Checks referred to were marked "Exhibits 35-A, 35-B, and 35-C," for reference and will be found in the appendix on pp. 19140-19142.)

Mr. KENNEDY. That is what makes these operations so difficult, because Dranow and others are always through fronts, and when they get commissions, as here, it goes through second, third, and fourth parties, until they get the money.

Particularly when you have people that will not cooperate, particularly members of the bar, as Mr. Burris, and you go in and ask questions about it and they tell you untruths, it makes it more difficult.

The CHAIRMAN. Is there anything further?

Did you regard Mr. Dranow as an agent of the union?

Mr. SEYMOUR SVIRSKY. I regarded him, sir, as a man that would get business for me from the Teamsters Union. I wouldn't know if he was an agent or not.

The CHAIRMAN. Did he tell you what his connection was with the union?

Mr. SEYMOUR SVIRSKY. The only connection I know is that he got me orders.

The CHAIRMAN. I understand he got you orders. But did the orders come directly from the union? Did the union write you and say, "Make up so many orders," or what?

Mr. SEYMOUR SVIRSKY. We got confirmations from the union.

The CHAIRMAN. When he gave you the order, you got confirmations?

Mr. SEYMOUR SVIRSKY. We got a deposit and the size and name scale.

The CHAIRMAN. You got that from the union?

Mr. SEYMOUR SVIRSKY. Yes, sir.

The CHAIRMAN. But he would give you the order, and you would get confirmation?

Mr. SEYMOUR SVIRSKY. He said it would follow, that we would get the order subject to all the money coming in and the sizes.

The CHAIRMAN. He would tell you what the order would be and you would get the confirmation of it with the detailed information?

Mr. SEYMOUR SVIRSKY. Right, sir.

The CHAIRMAN. How many different orders did you receive; do you know?

Mr. SEYMOUR SVIRSKY. Two locals, 299 and 337.

The CHAIRMAN. You got more than one order from each local, did you not?

Mr. SEYMOUR SVIRSKY. No, there were only two locals we did business with.

The CHAIRMAN. You did business with two locals. But did they give you just one order each or did one or more of them—

Mr. SEYMOUR SVIRSKY. Do you mean did the orders keep coming in?

The CHAIRMAN. Yes.

Mr. SEYMOUR SVIRSKY. Yes, sir.

The CHAIRMAN. So you got the connection established, the business relationship, and then you would get additional orders from time to time for additional numbers of jackets?

Mr. SEYMOUR SVIRSKY. That is right, sir.

Mr. KENNEDY. On one occasion, for instance, you sent a Western Union money order to Ruby Ortendahl?

Mr. SEYMOUR SVIRSKY. That is right, sir.

Mr. KENNEDY. In Las Vegas. What was the reason for that?

Mr. SEYMOUR SVIRSKY. I received a phone call from Mr. Ben Dranow requesting me to send him \$150.

Mr. KENNEDY. Why did you send it to Ruby?

Mr. SEYMOUR SVIRSKY. He asked me to send it to her.

Mr. KENNEDY. \$150 to her?

Mr. SEYMOUR SVIRSKY. Yes.

Mr. KENNEDY. And you sent it to her just because of the fact that he was able to get you this contract?

Mr. SEYMOUR SVIRSKY. He was a man that was able to produce business.

Mr. KENNEDY. From the Teamsters.

The CHAIRMAN. You never doubted that, did you?

Mr. SEYMOUR SVIRSKY. No. The results proved it.

The CHAIRMAN. He proved it. All right.

Mr. KENNEDY. Do you know Abe Weintraub?

Mr. SEYMOUR SVIRSKY. Who?

Mr. KENNEDY. Abe Weintraub of New York or Miami?

Mr. SEYMOUR SVIRSKY. I think you have the name wrong.

Mr. KENNEDY. What name do you know?

Mr. SEYMOUR SVIRSKY. I think it is Weinblatt.

Mr. KENNEDY. How do you know him?

Mr. SEYMOUR SVIRSKY. Through Ben Dranow. Are we talking about the same party?

Mr. KENNEDY. Ray Weinblatt.

Mr. SEYMOUR SVIRSKY. Are you asking Ray or Abe?

Mr. KENNEDY. Do you know either one?

Mr. SEYMOUR SVIRSKY. I think Ray is the father; Abe is the son.

Mr. KENNEDY. How do you know that?

Mr. SEYMOUR SVIRSKY. They were in the office with Ben Dranow, at 470 Fifth Avenue.

Mr. KENNEDY. What was Dranow using their office for?

Mr. SEYMOUR SVIRSKY. I don't know.

Mr. KENNEDY. What about Bernard Spindel?

Mr. SEYMOUR SVIRSKY. I am not sure. I don't think I know that. I don't remember that name.

Mr. KENNEDY. What about Allen Dorfman?

Mr. SEYMOUR SVIRSKY. I don't think I know him. I might.

Mr. KENNEDY. Do you know Abe Gordon?

Mr. SEYMOUR SVIRSKY. I heard of him. I don't know him personally. I might know him.

Mr. KENNEDY. Do you know Mr. Abe Gordon?

Mr. SAMUEL SVIRSKY. Never met the man.

Mr. KENNEDY. Did you ever have any dealings with him?

Mr. SAMUEL SVIRSKY. Never seen him.

Mr. KENNEDY. Allen Dorfman?

Mr. SAMUEL SVIRSKY. Never know him.

Mr. KENNEDY. Bernard Spindel?

Mr. SAMUEL SVIRSKY. Never seen him.

Mr. KENNEDY. Bernard Spindel? Did you ever have any dealings with him?

Mr. SAMUEL SVIRSKY. No.

Mr. KENNEDY. None at all?

Mr. SAMUEL SVIRSKY. No, sir.

Mr. KENNEDY. What was this \$300 for, Mr. Svirsky?

The CHAIRMAN. The Chair presents you a check in the amount of \$300 dated, apparently, February 6, 1958.

Mr. KENNEDY. March 6.

The CHAIRMAN. March 6, 1958, made payable to cash. It appears to have been issued on your company, Svirsky Clothing Co. Will you please examine this photostatic copy of the check and state if you identify it?

(The document was handed to the witness.)

Mr. SAMUEL SVIRSKY. This morning I explained this to Mr. Bellino.

The CHAIRMAN. Let me ask you. Do you identify that as a photostatic copy?

Mr. SAMUEL SVIRSKY. I do.

The CHAIRMAN. It may be made exhibit No. 36.

(Check referred to was marked "Exhibit No. 36" for reference and will be found in the appendix on p. 19143.)

The CHAIRMAN. Now you may explain it.

Mr. KENNEDY. What is the check? What is the check for?

Mr. SAMUEL SVIRSKY. According to my recollection, this check No. 12282 has been made an exchange check with one of my credit men by the name of Larry Feldman, who is working now for Brookfield Clothes, in the sum of \$300, signed by one of his girls that went down and got him the cash for it.

Mr. KENNEDY. This check is of some interest to us, this \$300, and where it went. We checked with Mr. Feldman—Mr. Bellino checked with Mr. Feldman—and he stated that he received \$400 and it was a check payable to him.

Mr. SAMUEL SVIRSKY. Well, according to my recollection, he wanted that loan and I have it marked here according to my books. It reads as an exchange check.

Mr. BELLINO. According to your books, the check stub shows that was for travel expenses.

Mr. SAMUEL SVIRSKY. I really don't know. As far as I have this sheet of paper it reads exchange. I know he remembers he owes me three. I already threatened the man if he don't give me the \$300. This girl that signed went down and got him the cash. That is as far as my knowledge is concerned unless there is something else in your mind that you can enlighten me on.

Mr. KENNEDY. Did that money go to anyone at Mr. Benjamin Dranow's request?

Mr. SAMUEL SVIRSKY. As far as my knowledge, I have never given Mr. Ben Dranow 5 cents. I have never seen the man outside of four or five times.

Mr. KENNEDY. Was that money sent to anyone at his request?

Mr. SAMUEL SVIRSKY. Not to my knowledge.

Mr. KENNEDY. Do you know about that?

Mr. SEYMOUR SVIRSKY. Not to my knowledge. I don't recall any times. I don't remember.

Mr. KENNEDY. There wasn't a money order, telegram money order, purchased with that \$300 and sent to somebody?

Mr. SAMUEL SVIRSKY. Not that I know of.

Mr. SEYMOUR SVIRSKY. Can you show us anything to refresh our memory?

Mr. KENNEDY. I am asking you.

Mr. SAMUEL SVIRSKY. I really don't know. All I recollect is the signature behind this check is the girl that worked with my credit man in there, who went down and got this money.

Mr. KENNEDY. Mr. Svirsky, were you contacted by Mr. Dranow to request you to send \$300 to Mr. Bernard Spindel in connection with the difficulties he was in?

Mr. SAMUEL SVIRSKY. I personally don't know Mr. Spindel.

Mr. KENNEDY. Were you contacted by Mr. Dranow to send this \$300?

Mr. SAMUEL SVIRSKY. I never spoke to the man; I never noticed the man.

The CHAIRMAN. You are talking about Mr. Dranow. You wouldn't have to know Spindel. Did Mr. Dranow contact you with reference to making a contribution to Mr. Spindel's financial difficulties or problems with the law?

Mr. SAMUEL SVIRSKY. Mr. Chairman, Mr. McClellan, I have never given the man 5 cents, under oath.

Mr. KENNEDY. Could he identify that check?

The CHAIRMAN. I hand you another check, photostatic copy of a check, in the amount of \$2,000, dated June 20, 1958. It seems to be on your company.

Would you examine that and state if you identify it?

(The document was handed to the witness.)

Mr. SAMUEL SVIRSKY. It is a blank check that has never been signed. I cannot answer.

The CHAIRMAN. It has never been cashed?

Mr. SAMUEL SVIRSKY. It has never been cashed.

The CHAIRMAN. That may be made exhibit No. 37.

(Check referred to was marked "Exhibit No. 37" for reference and will be found in the appendix on p. 19144.)

Mr. KENNEDY. The bank statement and the books show that this \$2,000 was payable to you and that it did go through the bank.

Mr. SAMUEL SVIRSKY. Not to my recollection.

Mr. KENNEDY. What happened to the \$2,000?

Mr. SAMUEL SVIRSKY. I really don't know. I couldn't answer. I went through that with Bellino and I told him who to go to, and I tried to check on it myself this morning.

The CHAIRMAN. The point is you said the check had not been cashed.

As I understand, Mr. Bellino, you find it did go through the bank?

Mr. BELLINO. We find that on the same date there is a charge on the bank statement of the Svirsky Clothing Co. of \$2,000.

The CHAIRMAN. At the bank?

Mr. BELLINO. Yes, sir. We don't have the check. We could not find the canceled check, but they produced this one, unsigned, produced by Mr. Svirsky. This unsigned check was not in the batch of monthly canceled checks, and this is not canceled. So it is definite that this check did not go through.

There was a check for an item that went through. We find on the same day a deposit in his personal account of \$4,000-some-odd, and a charge on the same day of \$2,000 of his personal bank checks, which he has not produced, and which we had requested that he produce to the committee.

The CHAIRMAN. Can you give us any further information about it?

Mr. SAMUEL SVIRSKY. No, sir.

Mr. KENNEDY. Can we get the rest of your records?

Mr. SAMUEL SVIRSKY. Absolutely.

The CHAIRMAN. Maybe we can work it out.

Mr. KENNEDY. That is all for these gentlemen.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. We have been looking for a man for 2 years. Finally Mr. Alder has been able to produce him.

Mr. Henry Lower, please.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LOWER. I do.

TESTIMONY OF HENRY LOWER, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your address, and business or occupation.

Mr. LOWER. Henry Lower, 6075 Oakland Boulevard, Detroit, Mich.

The CHAIRMAN. Any business or occupation to speak of?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show that Mr. Alder appears as attorney.

Proceed.

Mr. KENNEDY. Mr. Lower has been of some interest to us, Mr. Chairman, because of the fact that he was an officer of local 985, and while an officer of local 985 he set up the Sun Valley operation—excuse me. Local 376. Mr. Bufalino was 985.

He set up the operation down in Florida known as Sun Valley. This was originally financed by loans from the union. Isn't that correct, Mr. Lower?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Lower was made an officer of this local by Mr. Hoffa. During the time he was setting up this operation in Florida, he received some \$90,000 in salary and expenses from the union. Isn't that right, Mr. Lower?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All of the evidence before this committee tends to show that that whole scheme down there, that whole enterprise, was a consummate fraud, and a lot of union members have been induced to invest their money in some of that property, and that today they have no access to it. Good faith has not been shown in dealing with them.

Do you want to make any comment about it, or do you want to leave the record that way? You have a chance here. If there is nothing wrong with this, you have a chance here to correct this record and state for yourself whatever there is about it that will stand the light of day.

Do you want to make any comment about it, or do you want to still hide behind the fifth amendment?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy.

Is there anything else?

Mr. KENNEDY. Of course, as the record shows, the original loan was from the Bank of the Commonwealth in the amount of some \$250,000, and that was obtained through Mr. Hoffa's intervention. Subsequently, the money that was placed in this Florida land deal was put up by the bank down in Florida, after Mr. Hoffa transferred \$500,000 from a Detroit bank to a Florida bank. In the meanwhile, Mr. Hoffa and Mr. Owen Bert Brennan had a 45-percent option. Isn't that correct?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And one of the most significant parts of this, Mr. Chairman, is the fact that Mr. Henry Lower, during this whole operation, turned over \$25,000 in cash to Mr. Hoffa, all in a brown paper bag, that was picked up by Mr. Hoffa at Mr. Henry Lower's home.

Isn't that correct, Mr. Lower?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Didn't you tell me that when I visited you out in Detroit in 1957, when Mr. Bellino and I came to your home?

You said that Mr. Hoffa wanted \$25,000 and you got \$25,000 in cash, put it in a brown paper bag, and turned it over to Mr. Hoffa at that time? Isn't that correct, Mr. Lower?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let me ask you: You are having an opportunity here now to deny this. Do you not want to even deny it? Do you want to let the record stand that way, that you did tell them that?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Another thing about it: You realize, too, if true and unexplained, it might reflect upon Mr. Hoffa. You realize that; don't you?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Wouldn't you like, if there was no occasion for any reflection on him, if the transaction or whatever happened was open and above board, wouldn't you like to at least testify to enough to vindicate him?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Do you feel, honestly feel, that that money, handled as it was, was improper?

Mr. LOWER. I respectfully decline to answer, sir, because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you still a member of the union?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were you a member of the union before you became an officer in 376?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Would you be willing to tell us about how many deals you have been in with Mr. Hoffa, or anyone else, in which your objective was to skin the union out of money?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. You can't answer that without possible self-incrimination?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Have you ever been to a union meeting and given an accounting of this Sun Valley transaction to the members since the character of the project became questionable?

Have you ever been before your union members down there to give them a report on this Sun Valley project?

Mr. LOWER. Senator, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Do you know how many union members, people who actually work, sweat, and toil, pay their dues, how many of them you were able to induce to buy property, to buy lots, down there in that undeveloped area? Can you tell us how many?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Have you heard the testimony adduced here about the amount of expense that is going to be necessary before that property can be put into condition to meet the requirements for it to become a housing development area? Have you heard that testimony?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. If you have heard it, I wonder if you would care to refute any of it. In other words, I am trying to find out if we can hold out any hope to these union members that have been induced to make investments, hold out any hope to them or give them any assurance now that their investment is possibly safe, and that they haven't been swindled.

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. I want to make sure that the record is complete as far as the money in the paper bag.

Mr. Hoffa was asked about this, Mr. Chairman, when he testified, and he admitted receiving the money in the manner that I described, and stated that he considered it a loan from Mr. Henry Lower.

Of course, he was asked at that time to give any evidence of a note or whether he paid any interest. As in the cases of the other moneys in cash that he has received during the years, he never had any evidence in connection with the fact that it was a loan.

The CHAIRMAN. Do you say it was a loan, or do you say it was something else?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. You are not in a position, then, I take it, to make any comment about this money, or give any explanation of it, without possible self-incrimination; is that what you are saying?

Mr. LOWER. I respectfully decline to answer, sir, because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, that is your answer, that is what it amounts to. You say you can't without possible self-incrimination.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

Mr. ALLDER. Is he excused?

Mr. KENNEDY. With the understanding we always have.

The CHAIRMAN. Are you going to excuse this witness, subject to being recalled?

Mr. ALLDER. That is correct, Mr. Chairman. There is something I will have to tell Mr. Kennedy.

The CHAIRMAN. All right.

The committee will stand in recess until 10:15 in the morning.

(Whereupon, at 4:45 p.m., the select committee recessed, to reconvene at 10:15 a.m., Wednesday, July 1, 1959.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Ervin.)

APPENDIX

EXHIBIT No. 4

March 3, 1959

Mr. Edward V. Corrigan, Recording Secretary
Joint Council # 16
265 West 14th Street
New York City, New York

Dear Sir & Brothers:

The below listed members are duly elected Officers and Trustees who are eligible to vote in the Joint Council election:

Sam Goldsteid, President

Bernard Stein, Sec'y-Treas.

Mac Sherman, Recording Sec'y

Michael Zapka, Trustee

John Keenan, Trustee

Michael Morello, Trustee

Vice President (vacat)

Fraternally yours,

Mac Sherman
Recording Secretary

MS/eh

June 12, 1959

Mr. John Dawson
37-22 --- 102nd St.
Corona 68, N.Y.

Dear Sir and Brother:

Relative to the hearing of appeal before the Executive Board of Joint Council No. 16 you are advised as follows:

The Joint Council Executive Board unanimously concurred that Brothers Molloy, Dawson and Kelly were guilty as charged, but that their misconduct was due to their unfamiliarity of their duties. Accordingly; the Joint Council Executive Board decided that they should suffer no further penalty and should be reinstated to their respective offices at this time.

Fraternally yours,

John O'Rourke, Pres.

JO'R/eg

EXHIBIT No. 8B

June 12, 1959

Mr. John J. Kelly
701 West 179 St.
New York City, N.Y.

Dear Sir and Brother:

Relative to the hearing of appeal before the Executive Board of Joint Council No. 16 you are advised as follows:

The Joint Council Executive Board unanimously concurred that Brothers Molloy, Dawson and Kelly were guilty as charged, but that their misconduct was due to their unfamiliarity of their duties. Accordingly, the Joint Council Executive Board decided that they should suffer no further penalty and should be reinstated to their respective offices at this time.

Fraternally yours,

John O'Rourke, Pres.

JO'R/eg

June 12, 1959

Mr. Joseph Molloy
2890 Dudley Ave.
Bronx 61, N.Y.

Dear Sir and Brother:

Relative to the hearing of appeal before the Executive Board of Joint Council No. 16 you are advised as follows:

The Joint Council Executive Board unanimously concurred that Brothers Molloy, Dawson and Kelly were guilty as charged, but that their misconduct was due to their unfamiliarity of their duties. Accordingly, the Joint Council Executive Board decided that they should suffer no further penalty and should be reinstated to their respective offices at this time.

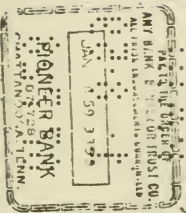
Fraternally yours,

John O'Rourke, Pres.

JO'R/eg

EXHIBIT No. 12

John White



Truck Drivers & Helpers Local No. 515
 N° 11947
 J. R. OF T. C. W. & H. OF
 CHATTANOOGA, TENN.
 PAY TO THE ORDER OF Glenn K. Smith
 \$ 5129.80
 DOLLARS
 TRUCK DRIVERS & HELPERS LOCAL No. 515
 BY *H. L. Barling*
 To THE PIONEER BANK
 CHATTANOOGA, TENN.
 COLLECTOR'S MARKED
 6012980

6012980
 N° 11947
 Date Jan 8 1959
 To Glenn W. Smith
 Received Permits 1/6/59 - other
 1/10/59 to 6/1/59 for other
 approximately 200
 netting 16.00
 Less 1.00
 \$ 5129.80
 512980
 15-310

EXHIBIT No. 14

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

PAYMENTS TO GEORGE H. BENDER

For Personal Services

From Aug. 18, 1958 to May 4, 1959, inclusive

116 days at \$25 . . .	\$ 2,900 . . .
25 days at 13 . . . (From 2/5/59 . . .)	3,250 . . .
30 days at 125 . . . (From 3/12/59 . . .)	<u>4,675 . . .</u>

37,125. (7 mos. - average
\$4, a mo.)

Office and Investigative Personnel

Harry R. Stringer (left 3/31/59)
Clerical

2,700 . . .
0,436.8
12,136.8

Rent - Standard Oil Building \$ 2,127.00

Telephone - Washington, D. C. 1,603.38

Telephone - Ohio 175.34

Postage 622.30

Photocopy services 15.28

4,543.28 16,677.36

Airline Transportation

2,116.68

Cabs, parking and messenger services

277.25

Hotels

2,320.61

Miscellaneous

1,707.874,831.71

TOTAL PAYMENTS

356,636.97

Revised Date # quarterly days including 4 months = 181
Paid for 180 days

EXHIBIT No. 15

To Whom it May Concern:

I, James R. Hoffa, hereby waive my
option to purchase forty-five percent (45%) of the
stock in Sun Valley, Inc. granted by Henry J. Lower
on April 15, 1955.

Witness:
J. Edgar Hoover, SA
1960
New York N.Y.

~~James R. Hoffa~~

November 25, 1958

EXHIBIT No. 17

LAW OFFICE OF

PADWAY, GOLDBERG & PREVIANT

511 WARNER BUILDING

MILWAUKEE 3, WIS

February 5, 1939.

TO ALL TRUSTEES OF THE
SCREENING COMMITTEE:-

I enclose herewith an application and supporting data for a first mortgage loan submitted by the First Berkeley Corporation of New York City, in the sum of \$1,500,000. as a Garden Apartment Development to be constructed at Fullerton, California, which is in suburban Los Angeles.

The application states that they want to amortize the loan at the rate of 9%, which is \$135,000. per year, \$4 being on interest and the balance on principal.

Very truly,

GOLDBERG, PREVIANT & COOPER

AGG:EM

u/

ALFRED G. GOLDBERG

enc

EXHIBIT No. 18

**INTERNATIONAL BROTHERHOOD OF TEAMSTERS
CHAUFFEURS · WAREHOUSEMEN & HELPERS
OF AMERICA**

OFFICE OF
• JAMES E. MOFFA •
GENERAL PRESIDENT
20 LEONARD AVE., N.Y.

WASHINGTON 1, D.C.



February 6, 1959

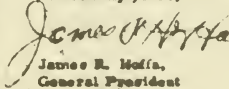
Mr. Alfred Goldberg
Padway, Goldberg & Previant
511 Warner Theatre Bldg.
Milwaukee, Wisconsin

Dear Al:

I am returning to you the file on Garden Apartment Development at Fullerton, California. After going over the material submitted, I would recommend, as one member of the Screening Committee, that a sub-committee be set up for further investigation of this project, and if it can meet the requirements of the Fund to where the loan is not in excess of 66%, I would vote in behalf of the loan.

I would appreciate your taking this up on the meeting of the 9th as my recommendation.

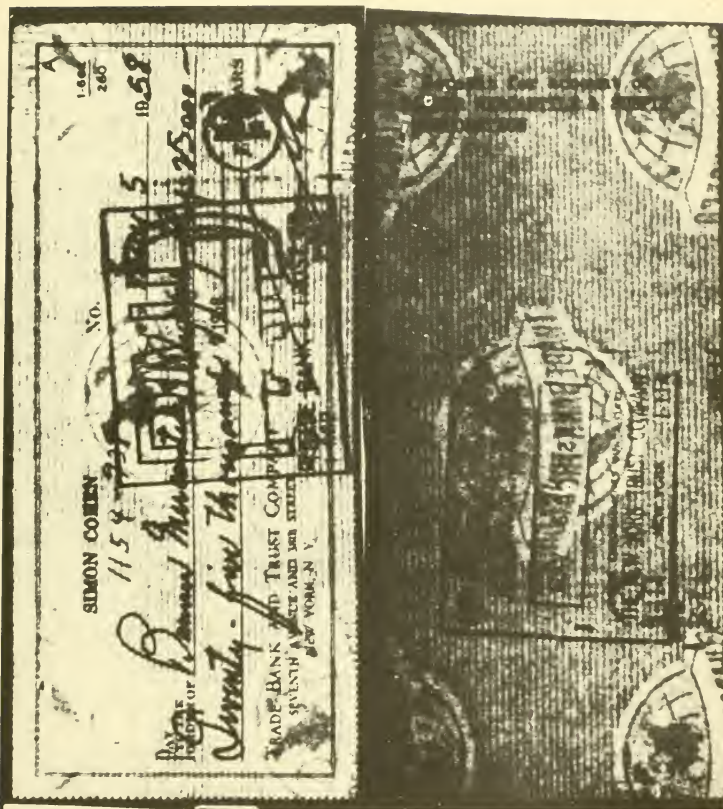
Fraternally yours,



James E. Moffa,
General President

JRM/yt
Enc.

EXHIBIT No. 21



UNION LOCAL SUPPLY CORPORATION

DISTINCTIVE QUALITY MERCHANDISE

324 W. 26th STREET

NEW YORK 1, N. Y.

Truck Drivers Local Union # 299

2741 Trumbull Ave

Detroit 16, Mich

DATE 1/2/59

1033 1/2

OUR ORDER NO.	DEPT. NO.	SALESMAN	VIA	TERMS:	NET 10 DAYS	
YOUR ORDER NO.	QUANTITY	DESCRIPTION			PRICE	AMOUNT
	1000	Warm up jackets with Teamster Emblem #299 Ladies jackets with Teamster Emblem # 299 				

EXHIBIT No. 25

Feb. 11, 1959

Akros-Dynamics Corporation
Terminal Tower Building
Cleveland, Ohio

Gentlemen:

We, the undersigned, do herewith resign as Officers,
Directors and Stockholders of Akros-Dynamics Corporation.

Very truly yours,

Wm. T. Blum

Earl T. Benjamin

Michael Gaffone

Bernard J. Brady

Jack Hannon

Alvin A. Hannon

EXHIBIT No. 25A

Feb. 11, 1959

Alvin A. Neiman
Terminal Tower Building
Cleveland, Ohio

Dear Sir:

We, the undersigned, do herewith enclose our certificates of shares of stock of Akros-Dynamics Corporation, duly executed by us, together with our resignations as Officers, Directors and Stockholders of the aforesaid company.

You are herewith authorized to use and retain these certificates of shares of stock together with our resignations, only upon the following terms and conditions: that you complete your transaction with the group known as LA RUE & BARTONE. However, should you not complete this matter, then you are herewith instructed to return our enclosed stock certificates and our resignations.

Very truly yours,

Alvin A. Neiman
Michael Zappone
Earl T. Benjamin
Bernard V. Brady
Jack Neiman
Alvin A. Neiman

EXHIBIT No. 31A

DOMESTIC SERVICE Check the class of service desired, otherwise this message will be sent as a fast telegram.		INTERNATIONAL SERVICE Check the class of service desired; otherwise the message will be sent at the full rate.	
TELEGRAM	<input checked="" type="checkbox"/>	FULL RATE	<input type="checkbox"/>
DAY LETTER	<input type="checkbox"/>	LETTER TELEGRAM	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>	SHORE SHIP	<input type="checkbox"/>

WESTERN UNION		1206 (4-55)
TELEGRAM		
W. P. MARSHALL, PRESIDENT		
NO WDS - CL OF SVC	PD OR COLL	CASH NO.
	Paid	
CHARGE TO THE ACCOUNT OF		TIME FILED
Real Estate Research Corporation		11:45 a.m.
Cleveland 4-3523		

Send the following message, subject to the terms on back hereof, which are hereby agreed to.

April 24, 1939

MR. MORRIS LEWIS
 PAN AMERICAN BANK
 MIAMI 30, FLORIDA

MR. AL NAIMAN OF CLEVELAND HAS MADE APPLICATION TO THE CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS PENSION FUND FOR A LOAN WHICH IS NOW IN THE PROCESS OF APPRAISAL AND EVALUATION AND ON WHICH THERE SHOULD BE PRELIMINARY CONCLUSION EARLY IN THE COMING WEEK.

JAMES C. DOWNS, JR.
 REAL ESTATE RESEARCH CORPORATION

April 24, 1939

**Mr. Alvin A. Nalman
The Alvin Nalman Corporation
1810 Terminal Tower Building
Cleveland 13, Ohio**

Dear Mr. Nalman:

Mr. Downs asked me to send you the enclosed three copies of a telegram which he sent this morning to Mr. Morris Lewis of the Pan American Bank in Miami, Florida.

Sincerely yours,

**Secretary to
James C. Downs, Jr.**

Enclosures

EXHIBIT No. 32A

FORM ACB-1779 (3-29-57)		DEPARTMENT OF COMMERCE CIVIL AERONAUTICS ADMINISTRATION		FORM 107 REV'D BUDGET NO. 2841 NO. 41-5747	
APPLICATION AND AUTHORIZATION FOR FERRY PERMIT					
I. APPLICATION					
INSTRUCTIONS - Submit in duplicate to authorized Civil Aeronautics Administration representative or designated manufacturing inspection representative. Retain the authorization in aircraft for duration of flight.					
DESCRIPTION OF AIRCRAFT					
REGISTERED IN NAME OF AKNOS DYNAMICS CORP.			ADDRESS 1810 Terminal Tower - Cleveland, Ohio		
NAME DOUGLAS			MODEL C-74		
MANUFACTURER'S SERIAL NO. 13919 AAF 42-65408			IDENTIFICATION MARK N 8199 H		
DESCRIPTION OF FLIGHT					
FROM Miami, Florida			TO San Juan, Puerto Rico		
VIA and return to Miami, Fla.			DATE 5-22-59		DURATION 1 1/2 days
PURPOSE For exhibit at San Juan, Puerto Rico.					
I HEREBY REQUEST AUTHORITY TO FERRY THE ABOVE-DESCRIBED AIRCRAFT FOR THE FLIGHT SPECIFIED					
<i>George W. Needoman</i> SIGNATURE OF APPLICANT			<i>agent fasting for</i> <i>Agnos Dynamics Corp.</i> TITLE 5-21-59 DATE		
II. AUTHORIZATION					
INSTRUCTIONS - Retain this authorization in aircraft for duration of flight. This is your authority to conduct the flight requested above. This permit is valid until landing is effected at the destination indicated in your request, provided the aircraft is flown by a properly certified crew, is operated in accordance with applicable Civil Air Regulations, and is in accordance with the following special limitations:					
<ol style="list-style-type: none"> 1. The purpose of this flight is for moving the above identified aircraft from Miami, Fla., to San Juan, Puerto Rico, for exhibit. 2. The aircraft shall be inspected by a certificated mechanic or repair station and a notation made below or in the aircraft logbook that the aircraft is safe for the intended flight. 3. Takeoff at Miami International Airport shall be in a westerly direction as directed by Control Tower. Landing at Miami International Airport upon return shall be in an easterly direction as directed by Control Tower. 4. The carriage of cargo or persons other than the crew necessary for the purpose of the flight is prohibited. 5. Flight to be conducted under Day Visual Flight Rules only. 6. Demonstration flights prohibited. 7. This authorization expires upon arrival at final destination and is not valid after June 4, 1959. 8. This authorization valid only when accompanied by registration certificate and carried in the aircraft during flight. 9. Flight over congested areas prohibited. 					
I have inspected this aircraft and consider it airworthy for the proposed flight.					
Mechanic <i>E. W. Miller</i>		AAE No. 8163		Date May 22, 1959	
DATE ISSUED 5-21-59		<i>Joseph B. Reals</i> JOSEPH B. REALS		DESIGNEE 2-13	

19138

IMPROPER ACTIVITIES IN THE LABOR FIELD

EXHIBIT No. 32B

May 21, 1959

Federal Aviation Agency
Miami International Airport
Miami, Florida

Attention: Mr. C. E. Seidel

Dear Sir:

This will confirm the representations made to the Federal Aviation Agency in Miami and in Washington, D. C. by Mr. George W. Baldeman, Aviation Consultant representing the Akron Dynamics Corporation, 1810 Terminal Tower Building, Cleveland, Ohio.

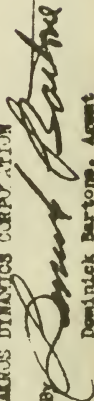
It is the desire of Akron Dynamics Corporation to be issued a ferry permit or experimental certificate for Douglas Model C-74 aircraft, registration No. N8179N for the purpose of flying this aircraft from Miami, Florida to San Juan, Puerto Rico and return.

The purpose of this flight is to determine that this airplane is suitable for operation over this route and to allow the aircraft to be inspected in San Juan by persons we hope to interest in joining us in the economics of this project, looking forward to obtaining a type certificate on this model aircraft.

Very truly yours,

AKROS DYNAMICS CORPORATION

By


Dominick Bartons, Agent

TO OUR SVIRSKY
FETH AVENUE
NEW YORK 11, N. Y.

THIS VOUCHER CHECK IS IN FULL SETTLEMENT OF THE FOLLOWING INVOICES IF NOT CORRECT ~~NO~~ WITHOUT ALTERATION AND STATE DIFFERENCE

DATE

1254

Number of children	Number of families
0	2
1	4
2	5
3	3
4	2
5	1
6	1
7	1
8	1
9	1
10	1

TO
THE NEW YORK TRUST COMPANY
SEVENTH AVENUE AND THIRTY-NINTH STREET

Author's Note Edward T. Tien

Aristotle's *Metaphysics* (Book I, Chapter 1)

TOWN & TRAVEL CASUALS, INC.
525 SEVENTH AVENUE
NEW YORK-18, N. Y.

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No. 6677
March 21, 1958

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Sally Schuster

The image shows three distinct dot patterns arranged horizontally. The first pattern on the left represents the number 1, consisting of a vertical line of dots on the left and a few dots at the bottom. The middle pattern represents the number 2, with dots forming a horizontal base and a curved top. The third pattern on the right represents the number 3, with two curved shapes joined together.

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